

A N N U A L   R E P O R T   2 0 2 1



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## Connecting purposes for people to live longer and better

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1

# Introduction

# Message from the CEO

GRI 2-22

The year 2021 was transformational for the Hypera Pharma Group. **We expanded our Net Revenue by 45.2%, EBITDA from Continuing Operations by 45.9% and reached all financial projections established for the year. We gained market share and returned BRL 779.0 million in interest on equity to our shareholders.**

**Moreover, we completed the acquisition of the Takeda, Simple Organic and Bioage brands, and we have made significant progress in integrating these brands into our portfolio.** We have also announced the acquisition of 12 Sanofi products, which comprise iconic Consumer Health and prescription medicine brands. These acquisitions reinforce our leadership in Consumer Health and our presence in the Dermatology, Central Nervous System and Gastrointestinal segments.

Our robust digital development strategy was significantly expanded in 2021. We launched **Parceiro Hypera**, our B2B omnichannel platform, which enables all our customers and points of sale to have access to the innovations and special conditions of our product portfolio, and acquired a minority stake in **Consulta Remédios**, the largest platform for accessing and consulting medication information in Brazil.

We also significantly increased our production capacity in Anápolis – **currently the largest manufacturing complex in Latin America** – with the goal of contributing to our growth in the pharmaceutical retail sector, internalizing the production of medicines from recent acquisitions and supporting our entry into the institutional market.

In line with our purpose of offering health to the Brazilian population, we advanced in the strategy of expanding our product portfolio. **We invested BRL 331 million in Research and Development, totaling BRL 1.1 billion invested since 2018, when we began to focus our operations exclusively on the Brazilian pharmaceutical market**, and we promoted a number of important launches throughout the year in all the segments in which we operate.

We ensure all these highlights and achievements while always keeping in mind our commitment to the well-being of our stakeholders.

**As one of the main pharmaceutical groups in the country, we have spared no efforts in the fight against the COVID-19 pandemic, ensuring the supply of quality and affordable drugs to the entire Brazilian population.** We have also donated 23 temporary ICU beds to the city of Anápolis as part of the fight against the COVID-19 pandemic, and about 20 tons of food to the Central Única das Favelas (CUFA).

Moreover, the Group has received recognitions, such as the Great Place to Work (GPTW) award, which allowed us to integrate B3's IGPTW portfolio; the Seriema Trophy, promoted by the Goiás Regional Council of Engineering and Agronomy (CREA-GO), in recognition of the Water Plan, our initiative to increase the reuse and storage capacity of water in the Anápolis Manufacturing Complex; and the GHG Protocol Gold Seal, which acknowledges greenhouse gas emission inventories audited by an independent third party.

We continually value Human Rights and the guidelines of the International Labor Organization's (ILO) Declaration of Fundamental Principles and Rights at Work and the UN's Universal Declaration of Human Rights. We recognize the right to life, to freedom of expression and to security, and we are against any kind of discrimination.

**We did all these efforts to promote improved health to the Brazilian population so that they may live longer and better, and in 2021, we proved that we are the best prepared pharmaceutical group** to capture the several growth opportunities in the Brazilian market.

We would like to remind you that our history has only been and can only continue to be written with the same excellence thanks to the efforts of our more than 9,000 employees, as well as communities, investors, executives, board members, healthcare professionals, patients, and other partners. So, thank you very much!

Enjoy your reading!

**Breno Toledo Pires de Oliveira**  
Chief Executive Officer (CEO)



# About the Report

GRI 2-3 · 2-12 · 2-14

## Welcome to the Hypera Pharma Group Annual Report!

This document, which has been approved by the Group's senior management and has undergone an external and independent assurance (PwC), aims to disclose our value creation between January 1 and December 31, 2021.

The concept **"Connecting purposes for people to live longer and better"** guides this Report and our sustainability strategy, being made possible through an integrated vision and structured based on the materiality study carried out in 2020 (learn more on page 19).

### Reading Tools



#### GLOBAL REPORTING INITIATIVE (GRI) STANDARDS

We referenced the GRI Standards guidelines. Throughout the content, we highlight the indicators with the symbol **"GRI XXX-X."** The complete table of contents and the pages where the contents are mentioned can be found on page 85.



Learn more at:  
<https://www.globalreporting.org>



#### SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SASB proposes the monitoring and reporting of priority Environmental, Social and Governance (ESG) indicators for each sector. For the first time, we adopted its guidelines, aiming at the biotechnology and pharmaceuticals sector. We also highlight the indicators with the symbol **"SASB XXXX-XX"** and on page 98, you can find the table of contents with all the referenced content.



Learn more at:  
<https://www.sasb.org>



#### SUSTAINABLE DEVELOPMENT GOALS (SDGS)

As signatories of the **Universal Principles of the UN Global Compact**, our Report is in line with Agenda 2030, which proposes the achievement of the 17 Sustainable Development Goals (SDGs), an initiative of the United Nations (UN). You can find a list of our priority SDGs on the map on page 101.



Learn more at:  
<https://sdgs.un.org/goals>



# The Hypera Pharma Group

GRI 2-1 · 2-6

We are one of the main pharmaceutical conglomerates in Brazil, in terms of sell-out, with a presence in all relevant segments of pharmaceutical retail, with a leading position in several categories.

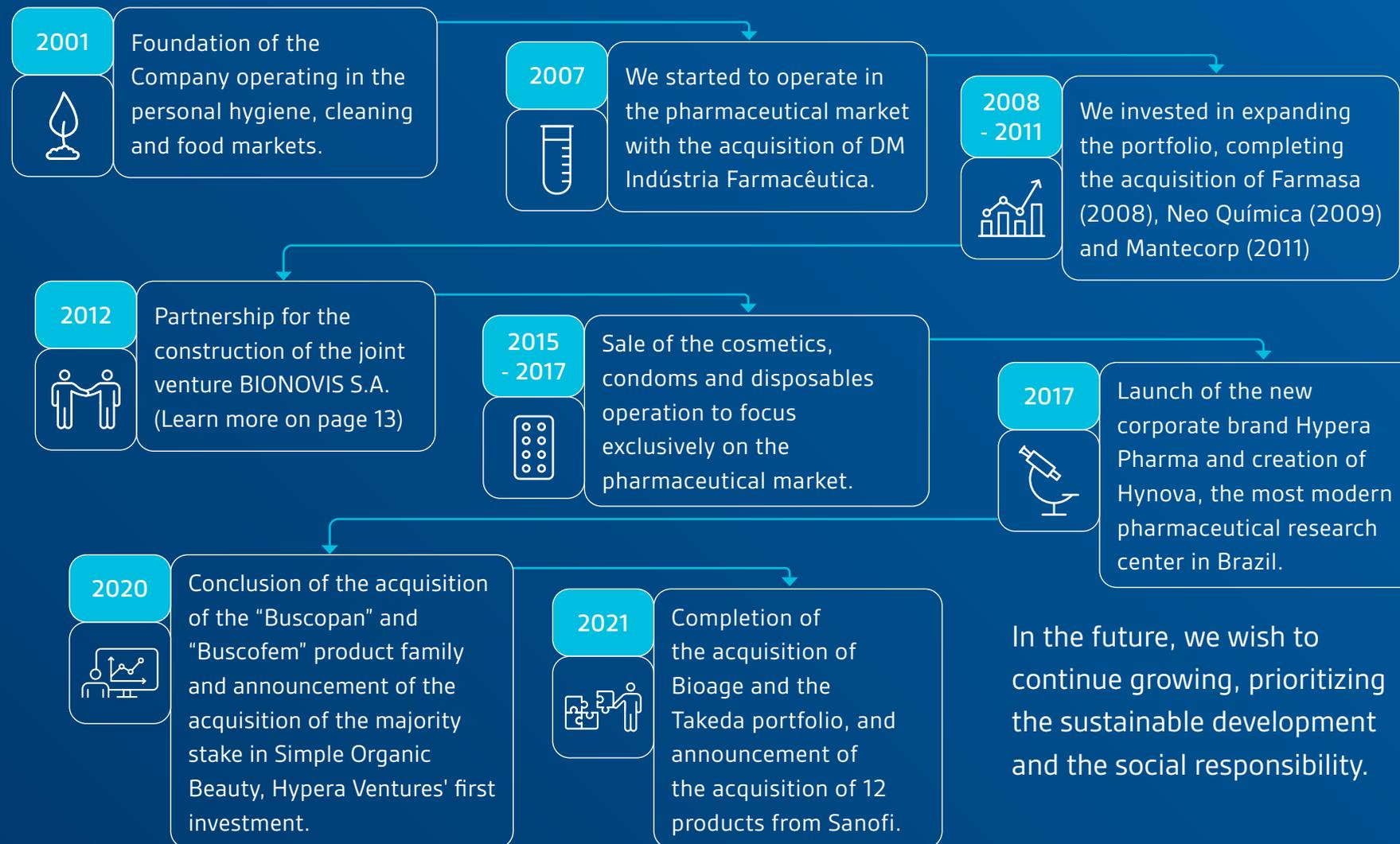


## AWARDS AND RECOGNITIONS

Learn more about our Awards and Recognitions at:

<https://www.hypera.com.br/imprensa>

## Our history



In the future, we wish to continue growing, prioritizing the sustainable development and the social responsibility.

## Our differentials

### Our geographic presence

- **1.005** medical representatives in the country with face-to-face and virtual medical visits;
- Diversified distribution system, reaching **96% points of sales** with the largest team visiting points of sale in Brazil.
- Delivery to all Brazil of orders placed through **e-commerce** ([ihypera.com.br](http://ihypera.com.br)).
- **Parceiro Hypera**, our B2B omnichannel platform with sales to thousands of POSs throughout Brazil.

### GOIÁS

#### Pharmaceutical complex located in Anápolis (GO);

- 150k m<sup>2</sup> of built area;

#### Plants of pharmaceutical forms: Solids, Liquids, semi-solids, dermocosmetics, powders, effervescents, aerosols, penicillin and sterile.

- Brainfarma and Cosmed manufacturing plant in Anápolis (GO);
- Cosmed's sweeteners factory in Goiânia (GO);

### MINAS GERAIS

- Hypera Pharma Distribution Center in Contagem (MG).

### SÃO PAULO

- Headquarters and administrative office of Hypera Pharma in São Paulo (SP);
- Innovation Center of Brainfarma in Barueri (SP);
- Distribution Center of Hypera Pharma in Cajamar (SP).



Our business units dedicated to pharmaceutical retail and Power Brands\*



PRESCRIPTION PRODUCTS

We operate in Primary Care (Mantecorp Farmasa), with medicines and products recommended by the medical community.



CONSUMER HEALTH

We own iconic brands of over-the-counter (OTC) medicines, as well as vitamin and nutrition supplements.



SIMILAR & GENERIC

We are present in 96% of similar and generic points of sale in the Brazilian pharmaceutical market.



DERMOCOSMETICS

With Mantecorp Skincare, we offer dermocosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International. We also work with Simple Organic—organic, vegan and cruelty-free products—and Bioage—focused on professional aesthetic treatments.



Learn more about our Corporate Profile at: <https://bit.ly/37Hd7TO>

*\*Power Brands are brands with over BRL 100 million estimated Sell-Out for 2022*

## Hypera Way

GRI 2-12 · 2-23

Hypera Way is our short-, medium- and long-term conduct guide, considering Environmental, Social and Governance (ESG) aspects.

By presenting our values, mission, vision and behaviors, Hypera Way also guides the decision-making process of the Board of Directors (BOD) and the execution of goals by the Directors and other employees of the Hypera Pharma Group.



### OUR MISSION

Giving access to healthcare for the Brazilian population by offering high quality and safety products, with continuous investment in innovation, growing in a sustainable way with social responsibility.



### OUR VALUES

- Respect/Integrity;
- Excellence;
- Humility;
- Innovation;
- Meritocracy;
- Social Responsibility.



### OUR VISION

Being the best and most complete Brazilian pharmaceutical company, participating in people's lives so that they live longer and better.



### OUR BEHAVIORS

- Collaborative Spirit;
- Constructive Indignation;
- Creative Thinking;
- Empathy;
- Adaptability;
- Connectivity/In Tune;
- Sense of Urgency.

# Research and Innovation

GRI 2-6 · SASB HC-BP-000.B

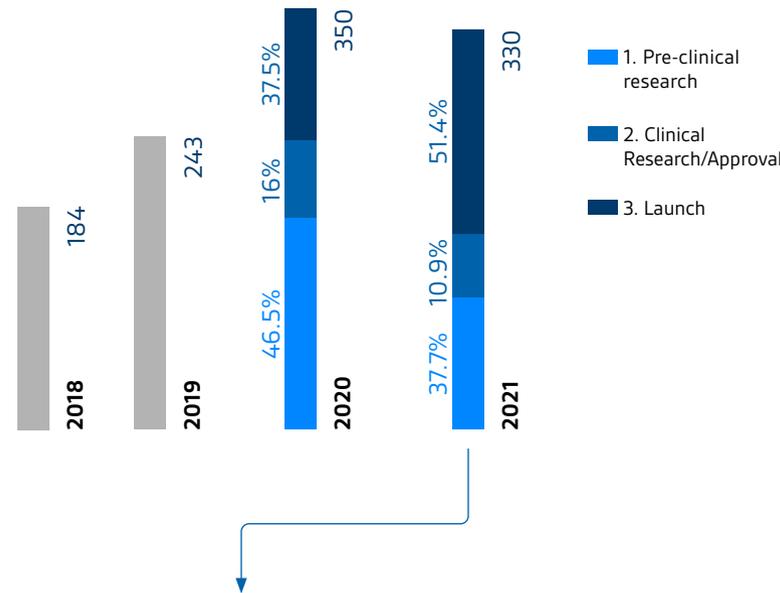
Innovation is an essential pillar in our efforts to guarantee access to healthcare for the Brazilian population. **In this sense, since 2018, we have already exceeded BRL 1.1 billion in investments in Research & Development!** We do this because we believe that it is necessary to innovate to develop high-quality products that are, at the same time, are accessible to the greatest possible number of people across Brazil.

**30%** innovation index in 2021<sup>1</sup>

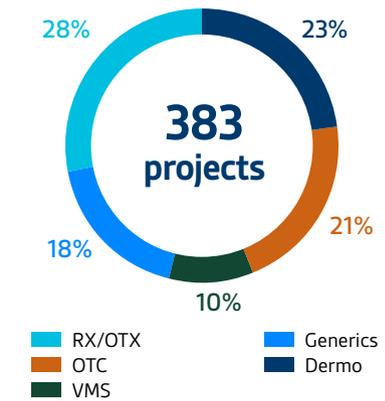
## Detailed by stages:

	1. Pre-clinical Research		2. Clinical Research/Approval		3. Launch	
	2020	2021	2020	2021	2020	2021
Average duration (months)	19	25	21	8	4	17
Average success rate	88%	95%	90%	100%	94%	95%

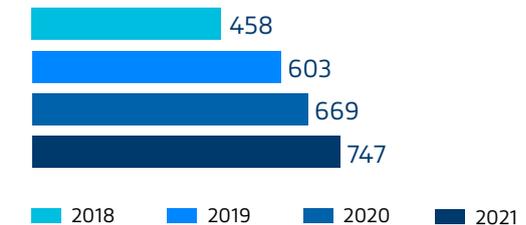
## Investments in Innovation (BRL million)



## Project pipeline



## R&D headcount:



<sup>1</sup> The index corresponding to the percentage of Net Revenue from products launched in the last five years. For the calculation, we disregard the newly acquired portfolio of Takeda and the Buscopan family.

To maintain the constant evolution of this pillar, we encourage an open and collaborative model, guided mainly by the four complementary fronts below:

## Innovation Model



### MERGERS AND ACQUISITIONS

#### ACQUISITIONS

Completion of the integration of the Takeda Pharmaceuticals and Bioage and the announcement of the acquisition of Sanofi's portfolio.

#### HYPERA VENTURES

As our corporate venture capital program, **Hypera Ventures** invests in pre-operational or operational healthcare startups that already have proven ideas.

Through it, this year we consolidated the integration of **Simple Organic** and invested in the **Consulta Remédios** platform. Learn more on page 17.



Learn more about our innovation at: <https://hypera.com.br/inovacao>



### RESEARCH AND DEVELOPMENT



Our innovation center has masters and doctors specialized in their respective fields, thus ensuring a constant internal development.



### JOINT VENTURES



A pharmaceutical biotechnology joint venture, **Bionovis** is formed by four companies, including the Hypera Pharma Group.

The company, 100% Brazilian, carries out research, development, production and commercialization of highly complex biological medicines in the country.

Learn more at: <https://bionovis.com.br/en/home/>



### PARTNERSHIPS

#### STRATEGIC PARTNERSHIP

We rely on relevant strategic partners to accelerate our innovation and pace of launches. In 2021, there were 65 partners, constituting more than 100 active contracts, which generated more than BRL 900 million in revenue.

#### UNIVERSITIES

We have partnerships with several academic professionals, including masters and doctors, who help in the preliminary development of products. With that, we gain assertiveness.

#### CONVENTIONS AND EVENTS

#### CUSTOMERS INSIGHTS

### 2021 HIGHLIGHTS

- 80 launches, such as: Amome, Pielus MX, Blumel, and the entrance in the Melatonin and Rivaroxaban markets;
- We have 383 new medicine projects in different phases of R&D, with 22 clinical studies being conducted (phases 1 and 3);
- We also launched Alektos Ped, the line extension of the patented antihistamine, Alektos, recently acquired from Takeda.

To reinforce the culture of innovation internally, in addition to reaffirming our commitment to this important pillar, in 2021 we launched the Free Program for New Ideas, known as **PLIN**. Open to all employees under management – including interns – the program is evaluated by employees from all areas, while strategic decision making is the responsibility of the Board of Directors and the Stakeholders Committee. Winning ideas are implemented, and creators are recognized and awarded.

Our innovation is also fostered by **Hypera Hub**, the program focused on connecting with high-potential startups to explore new business opportunities. Hypera Hub was created in 2020 with the objective of solving internal challenges efficiently and exploring new opportunities. In 2021, we had more than 480 companies signed up, which means an increase of 137% over the previous year. The startups were invited to propose solutions for four main macro themes: operation and industrial, marketing and sales, product and sustainability, and New Business and R&D.

**The result of managing the topic could be seen in 2021 the year 2021, when we reinforced our portfolio in a way that is fast, diversified and in line with market needs.**

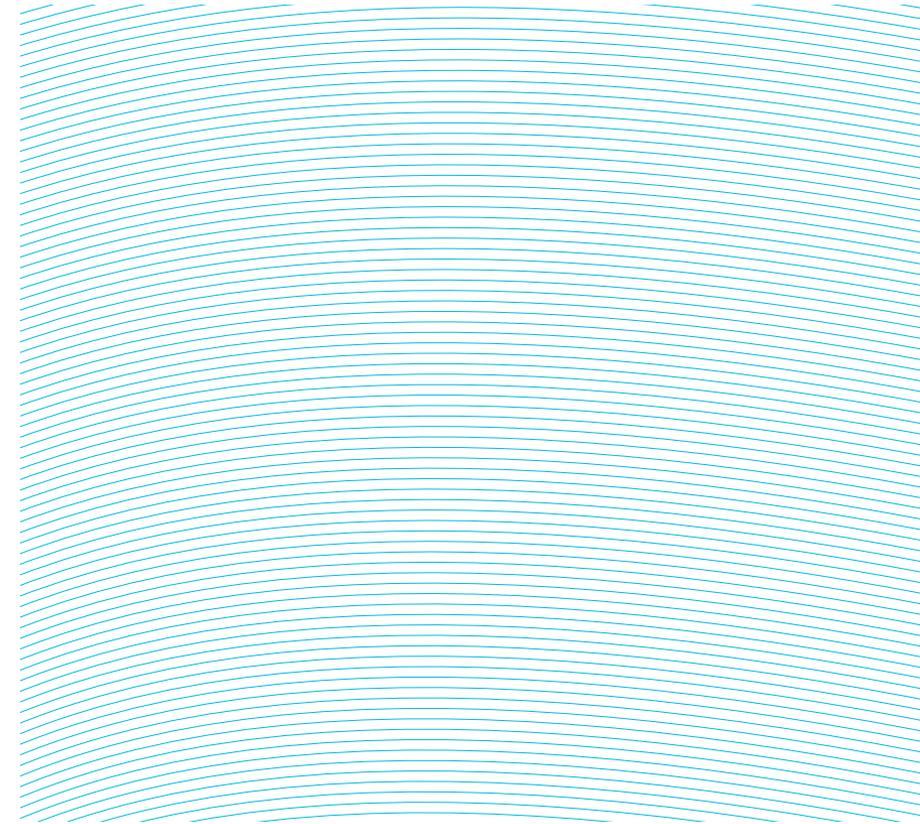
We entered the largest therapeutic class of prescription products in Brazil with the launches of Vabam and Rivaroxaban, indicated

for the treatment of atrial fibrillation and deep vein thrombosis, and in the Vitamin C market, with Benegrip Imuno Energy, Benegrip Imuno Complex, and the Neo Química Vitamina C and Vitamina C + Zinco vitamin supplements.

The Group was also the first to launch the food supplement melatonin after the approval by ANVISA, with Melatonum, Vitasay Melatonin, and Vitamina Neo Química Melatonina supplement. Moreover, it launched Lune SL, for the treatment of insomnia in the sublingual pharmaceutical form, the Blumel natural product line for the treatment and prevention of the flu, and Amome, for the treatment of allergic rhinitis symptoms.

Hypera Pharma Group also launched several line extensions of its leading brands, such as Addera Flash, the first Vitamin D brand in Brazil on film, Colflex Muscular, and Colflex Hialu, Engov After Red Hits and Alektos Ped, a line extension of the Alektos patented anti-histamine, purchased from Takeda for promotion in pediatrics.

In Skincare, the line extensions of the Blancy, Glycare, Reviline, Urby and Nouve brands stood out, in addition to Pielus MX (minoxidil), part of the protocol for the treatment of male pattern baldness. In generics, the launches Donepezil, Pregabalin, Celecoxib, Zolpidem SL and Quetiapine were the year's main highlights and contributed to the Company increasing its coverage of molecules in generics.



Learn more about the business areas of the 12 **HyperaHub** finalists at: <https://bit.ly/3wDhOld>

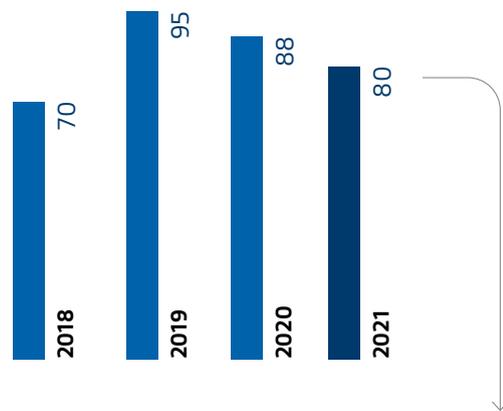
## Product Portfolio

GRI 2-6 · SASB HC-BP-000.B

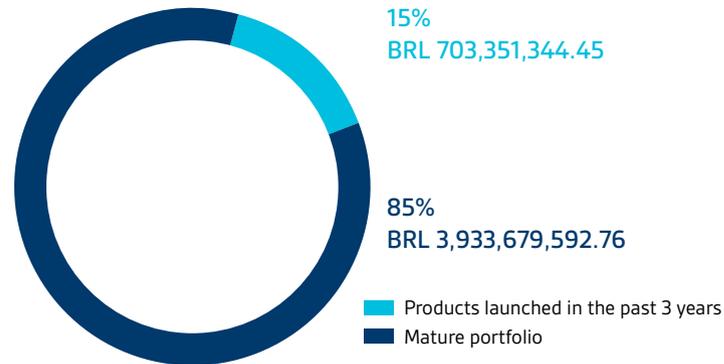
Every year, we bring highly relevant products to the Brazilian market, as a result of the innovation model and the investments we make.

In the last three years, we have launched more than 160 products, which represented 15% of revenue for the Hypera Pharma Group.

### Launch of new products



### Net revenue\*



\*Does not consider the contribution to Net Revenue from the products acquired from Takeda and Buscopan

Category	Qt.
Vitamins and supplements (VMS)	26
Dermocosmetics	22
Over-the-counter (OTC/OTX) medicines	10
Prescription medicines (RX)	13
Generics	09



Learn more about our products at: <https://www.hypera.com.br/nossas-marcas/>

# Growth

GRI 2-6

In 2021, we grew above market rates<sup>1</sup>, according to IQVIA, thanks to sustainable growth initiatives, with an emphasis on the acceleration of the pace of launches in recent years, in addition to the increase in production capacity and investments in leading brands.

The segment of prescription Products represented the main highlight of the year, totaling a sell-out growth of 20.1% – 6.7 percentage points higher than the market growth. The performance benefited from the expansion of chronic medicines, a segment in which the Group has been reinforcing its participation with several relevant launches, and from the growth of the leading brands of acute medication (Rinosoro, Alivium, and Predsim).

In Consumer Health, we highlight the Gastrointestinal, Nutritional and Anti-Influenza categories, whose performance helped us to expand our market share throughout the year.

In Dermocosmetics, we increased market share once again, driven mainly by major line extensions launched and by the growth of the portfolio of medicines acquired from Glenmark in early 2020.

In Generics and Similar, growth benefited from the acceleration in the pace of launching new molecules in generics and by the expansion of our production capacity.

Additionally, in 2021, we added the brands acquired from Takeda and drove the growth of the Buscopan family. These brands added approximately BRL 2.0 billion in sellout in 2021, also contributing to our market share expansion.

Finally, we will strengthen our portfolio through the acquisition of 12 **Sanofi** brands, with eight in Consumer Health and four in prescription medicines. The completion of this acquisition will take place in March 2022.

<sup>1</sup> Above-market growth, according to IQVIA in Pharmacy Purchase Price (PPP), was both organic (+16% vs. 2020) and inorganic, when acquisitions (+45% vs. 2020) are taken into account.

## Entry into the institutional market

In 2021, we started structuring the area responsible for the relationship with the Institutional market, composed of hospitals, health centers, clinics, and public and private health plans. The structure already has more than 20 experienced professionals and continues to advance towards the creation of a dedicated R&D area, as well as the development of a pilot plant with more than ten thousand square meters to support growth in this market.

Our innovation front has already mapped an innovation pipeline for the launch of more than 70 molecules in the coming years in Oncology, Specialties and Biologicals, in addition to Bionovis' operations, in a potential market of approximately BRL 12 billion.

## Hypera Ventures

GRI 2-6

We began in 2020 the activities of Hypera Ventures, our investment fund in startups in the health sector, which has synergies with the Group's business and structure.

We look for pre-operational or operational startups that have proven high-potential ideals and that can leverage their business with the help of our assets, thereby enabling our expansion of borders so that people can live longer and better. Since its creation, we have mapped more than 300 companies, making five investments in the period.

Among the investments, one highlight is the majority acquisition of Simple Organic and the investment in the online platform **Consulta Remédios**, described next:

### Hypera Ventures highlights

## Simple Organic

**Simple Organic** is a native digital startup and the largest 100% vegan, natural and organic cosmetics and makeup brand in Brazil. It believes **in the love of animals, in the force of nature and its raw material**. Therefore, it has aligned seals that reduce or eliminate the possible negative impacts of the operation.



Does not test on animals or use ingredients of animal origin



Only Brazilian beauty brand certified by Instituto Lixo Zero



reverse logistics of its production 100% guaranteed through clearing

The consolidation of the acquisition proved to be positive for both sides: the Group's capillarity allowed the brand to expand, including the arrival to several pharmacies in Brazil, in addition to supporting its internationalization process. On the other hand, Simple Organic adds to the Group's portfolio with its innovative products, as well as expanding our presence in e-commerce and in the skincare sector.



Learn more about Simple Organic at:  
<https://www.thesimplebeautyfrombrazil.com/>

## HYPERA -VENTURES-



**Consulta Remédios** is the largest platform for accessing and consulting medication information in Brazil and the 5th largest pharmaceutical portal in the world in terms of number of visitors. With a presence in all regions of the country, the platform works in partnership with large and medium-sized pharmaceutical retail chains, and adds approximately one million unique visitors daily.

The acquisition was Hypera Ventures' second investment and is in line with the strategic objective of accelerating technology initiatives and digital platforms to get closer and closer to end consumers, understanding their consumption habits in order to boost sales and promote the health of quality to the Brazilian population.



Visit Consulta Remédios:  
<https://consultaremedios.com.br/>



3

# Our Sustainability Strategy

# Construction of Materiality

GRI 2-14 · 2-29 · 3-1 · 3-2

Our sustainability strategy was developed from an extensive study, carried out in 2020, with the aid of an external consulting firm specializing in the subject. Its results guide this publication, as well as our actions and initiatives for business sustainability.

In order to remain up-to-date and attentive to sustainability and industry trends, the study is updated every three years. The following are the details of the process.

## Building the Strategic Materiality of the Hypera Pharma Group

### 1. MAP THE VALUE CHAIN

Methodology to **identify the Group's main stakeholders** based on the **Power x Interest** matrix. Internally, we prioritize stakeholders across the value chain, including:

**Supply chain**  
+  
**Own Operation**  
+  
**After sales**

### 2. IDENTIFY MARKET REQUIREMENTS

Uses global benchmarks to **identify business impacts and contributions.**

#### A) priority SDGs

Prioritized from the matrix of need and relevance x urgency of action.



#### B) sustainability frameworks

Topics considered priority for the Group's sector.



#### C) Market Mechanisms

Material themes addressed in the main sustainability indices worldwide.



### 3. IDENTIFY MARKET REQUIREMENTS

Analyzes **which of the topics** raised in step 2 **are considered material for the best placed peers in the pharmaceutical sector** according to the S&P Global Sustainability Yearbook.



#### 4. CONSENSUS ANALYSIS

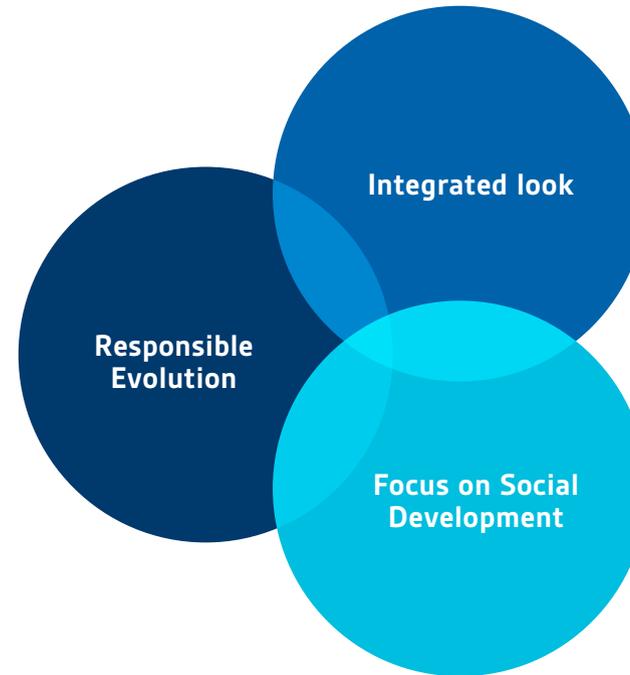
Consolidates all parameters identified in steps 2 and 3 and selects the one with a relevance index greater than 70% for both analyzes.

#### 5. STAKEHOLDER CONSULTATION

Online survey that allows stakeholders - prioritized in step 1 – to assess topics specifically relevant to the Hypera Pharma Group's business. At the end, the data are consolidated with those of step 4, thus defining the final material themes of the Group. You can check the opinion of stakeholders on the topics in the table, on the next page.

#### 6. STRATEGIC MATERIALITY

Creation of the concept that guides our sustainability strategy until 2022. **"Connecting purpose for people to live longer and better"** has three pillars, six aspects and 20 themes, described in the next chapters.



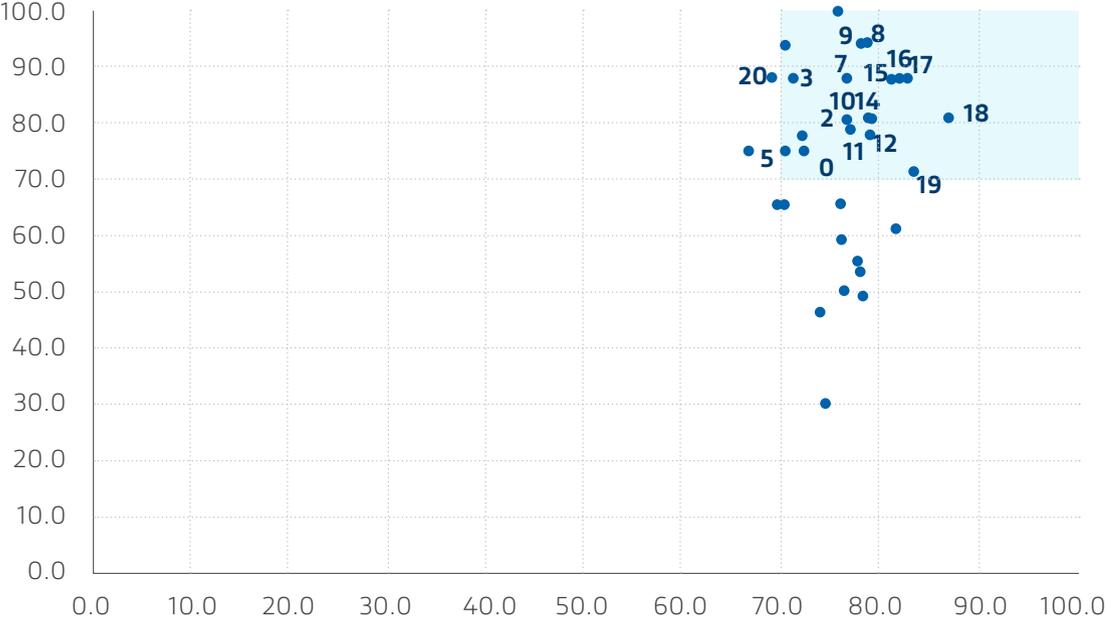
On the next page, it is also possible to query our Material Themes Matrix.

The **Material Themes** are those considered priority/relevant for more than **70%** of the stakeholders and the market mechanisms/peers (strategic scenario).

In the matrix on the side, the quadrant painted in blue corresponds to the themes incorporated into our sustainability strategy until 2022.

Next page, we also detail the prioritization of material topics made by the main stakeholders of the Group; all identified in step "one" of the materiality study.

Material themes matrix – relevance in the sector x stakeholders' opinion





SUBTITLE

- Regulatory agents
- Operational employees
- Pharmacies and distributors
- Drug suppliers
- Marketing and Publicity suppliers
- Health professionals
- Investors

MATERIAL THEMES	PRIORITY BY STAKEHOLDER	MEDIUM PRIORITY
<b>Integrated look</b>		
<b>Ethical Driving</b>		
2. Ethics and anti-corruption;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #e08040; margin-right: 2px;"></span>	86%
14. Code of Conduct and Stakeholder Engagement;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	70%
3. Management structure, performance and compensation;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #e08040; margin-right: 2px;"></span>	73%
<b>Highlight for those who do</b>		
5. Talent attraction and retention;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #e08040; margin-right: 2px;"></span>	82%
9. Employee training and development;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #e08040; margin-right: 2px;"></span>	83%
12. Health and safety;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	81%
15. Good labor practices in the operation;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	79%
18. Diversity, equity and combating discrimination in the operation;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	68%
<b>Focus on Social Development</b>		
<b>Take care of people</b>		
6. Access to health;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	78%
20. Development and social investment.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	78%
17. Management of impacts on Human Rights;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	63%
<b>Responsible Operation</b>		
8. Product safety and quality;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #e08040; margin-right: 2px;"></span>	85%
13. Marketing and information security <sup>1</sup> ;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #a0c0ff; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	77%
7. Good labor practices in the supply chain;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	73%
<b>Responsible Evolution</b>		
<b>Commitment to Change</b>		
1. Combating climate change.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	67%
4. Impact management and supplier environmental best practices;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	74%
<b>Efficient Environmental Management</b>		
10. Waste management;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	74%
16. Efficient management of energy use;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	65%
20. Water use management <sup>2</sup>	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #00b0f0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	77%
19. Efficient management of the use of natural resources in products and packaging;	<span style="display: inline-block; width: 10px; height: 10px; background-color: #1a3d4d; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #0070c0; margin-right: 2px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #f0a080; margin-right: 2px;"></span>	77%

<sup>1</sup> The topics "11. Information Security and Privacy" (78.1) and "13. Responsible Marketing" (80.3) mapped in the consolidation were unified as "Marketing and Information Security".

<sup>2</sup> Although the topic was not selected as a priority in the consolidation, we identified the need to report it, due to its relevance to the business.

Discover our ESG goals on the next page.

## Progresses and Commitments

In 2020 a Working Group (WG) was created focused on Environmental, Social and Governance (ESG) issues that discussed, in 2021, the main trends and opportunities to propose short-, medium- and long-term initiatives to be presented and discussed with the Company's Senior Leadership.

Its members include the Hypera's Chief Financial Officer (CFO), Hypera's Chief Operating Officer (COO), Hypera's Legal Officer, Hypera's People & Management Executive Officer, Risk & Compliance Director, Hypera's Investor Relations Officer, Brainfarma's Sustainability Manager, Hypera's Communications Manager and ESG Specialist.

On the diversity front, we are structuring Affinity Groups to discuss issues related to gender equity, ethnicity, LGBTQI+, and persons with disabilities, to be launched in early 2022. In 2021, we also created specific vacancies at the Group, aiming to reach these minority groups.

**Furthermore, the WG proposed to the Group the expansion of maternity and paternity leaves, which were implemented as from March 2022. With that, maternity leave became 180 days and paternity leave days, expanded to same-sex couples and adoptive parents.**

Within the scope of corporate governance, we are considering the creation of new Policies focusing on ESG and a Sustainability Committee, reporting to the Group's Senior Management.

In the Environmental dimension, the proposition for emissions reduction targets and the preparation of a scenario study

to meet the TCFD (Task Force on Climate Related Financial Disclosures) were discussed.

On the following pages, we detail the management of our sustainability strategy:

MATERIAL THEMES	OUR GOALS	PROGRESS
Ethics and anti-corruption	Implement annual anti-corruption training for the BOD and update the Code of Ethics by 2022.	Discussion by the ESG WG to update the Code of Ethical Conduct, which will cover the relationship with health professionals, as well as detail our commitment to human rights, such as combating harassment and sex trafficking.
Management structure, performance and compensation;	Create Compensation Policy for the Board, Statutory Board and Committees until 2022.	Discussion in the ESG WG, presentation of benchmarks and hiring of a consulting firm to assist in the preparation of some Policies.
Waste management;	By 2022, reduce 5% in the production waste generation index in grams/unit produced in relation to the year 2021 (1.35g/unit) = 1.28 g/unit produced.	Discussion at the ESG WG on ways to improve efficiency and reduce waste generation per unit produced.
Combating climate change.	Reduce, in 2022, scope 1 GHG emissions by 5% compared to 2021.	Discussion at the ESG WG on ways to reduce the Group's carbon footprint and creation of goals, participation in conversations with the Global Compact and SBTi.

## INTEGRATED LOOK

### Ethical Driving, page 24

Aspects	Indicators	SDG	Impacted Capital
Ethics and anti-corruption	2-15; 205-1; 205-2; 205-3	<b>8, 16</b>	
Code of Conduct and stakeholder engagement	2-22; 2-23; 2-24	<b>5, 10, 16</b>	
Management structure, performance and compensation	2-9; 2-10; 2-11; 2-12; 2-13; 2-14; 2-17; 2-18; 2-19; 2-20; 2-21	<b>16</b>	

### Highlight for those who do, page 40

Aspects	Indicators	SDG	Impacted Capital
Talent attraction and retention	2-21; 401-1; 401-2; 401-3; 404-1; 404-2; 404-3	<b>4, 5, 10, 16</b>	
Training and development of employees	404-1; 404-2; 404-3	<b>8</b>	
Health and safety	403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 403-10	<b>4, 9</b>	
Good labor practices in the operation	202-1; 403-7; 407-1; 408-1; 409-1; 411-1; 414-1; 414-2	<b>3, 8</b>	
Diversity, equity and combating discrimination in the operation	2-7; 2-8; 401-3; 405-1; 405-2	<b>4, 5, 10, 16</b>	

## FOCUS ON SOCIAL DEVELOPMENT

### Caring for People, page 54

Aspects	Indicators	SDG	Impacted Capital
Access to health	HC-BP-240a.1; HC-BP-240a.2; HC-BP-240b.1; HC-BP-240b.2; HC-BP-240b.3.	<b>2, 6, 12</b>	
Development and social investment	201-1; 203-1; 203-2; 413-1; 413-2	<b>1, 2, 4, 8, 10, 12</b>	
Management of impacts on Human Rights	406-1; 410-1; 411-1; 412-1; 412-2; 412-3; 413-2; 414-1	<b>1, 2, 4, 8, 10, 12</b>	

### Responsible Operation, page 62

Aspects	Indicators	SDG	Impacted Capital
Product safety and quality	416-1; 416-2; HC-BP-210a.1; HC-BP-210a.2; HC-BP-210a.3; HC-BP-250a.1; HC-BP-250a.2; HC-BP-250a.3; HC-BP-250a.4; HC-BP-250a.5; HC-BP-260a.1; HC-BP-260a.2; HC-BP-260a.3 HC-BP-430a.1	<b>9, 12, 16</b>	
Marketing and information security	417-1; 417-2; 417-3; 418-1	<b>1, 7, 8</b>	
Our suppliers <sup>1</sup>	2-6; 308-1; 308-2; 407-1; 408-1; 409-1; 411-1; 414-1; 414-2	<b>1, 3, 8, 10</b>	

<sup>1</sup> To build the report's narrative, the material themes "7. Good labor practices in the supply chain" and "4. Impact management and supplier environmental best practices" were consolidated.

<sup>2</sup> To build the report's narrative, the material themes "10. Waste management" and "19. Efficient management of the use of natural resources in products and packaging" were consolidated.

## RESPONSIBLE EVOLUTION

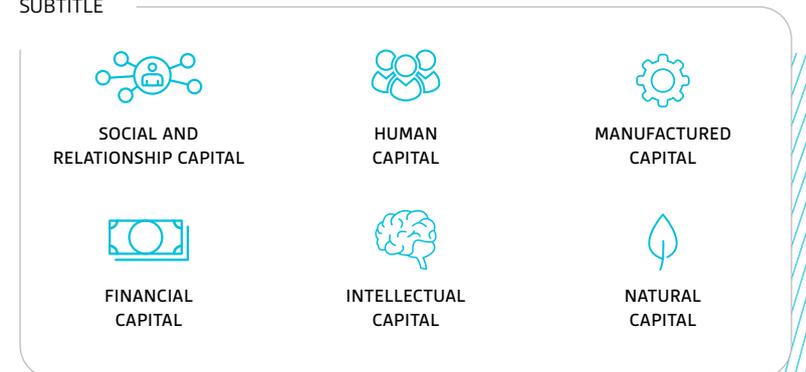
### Efficient Environmental Management, page 68

Aspects	Indicators	SDG	Impacted Capital
Water use management	303-1; 303-2; 303-3; 303-4; 303-5	<b>3, 6, 12, 14</b>	
Waste management <sup>2</sup>	301-1; 301-2; 301-3; 306-1; 306-2; 306-3; 306-4; 306-5	<b>8, 11, 12, 14</b>	 
Efficient management of energy use	302-1; 302-3; 302-4; 302-5	<b>7, 9, 11, 12, 13</b>	 

### Commitment to Change, page 75

Aspects	Indicators	SDG	Impacted Capital
Combating climate change	201-2; 302-1; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7	<b>7, 8, 11, 12, 13</b>	 

#### SUBTITLE



## Our performance

Participating in people's lives means being present at all times, enabling not only **health**, but also **quality of life** and **care** in an integrated way.

Therefore, we believe that our connections are responsible for continuing to offer high quality and safety products, with continuous investment in innovation, aligning sustainable growth with socio-environmental responsibility.



### Integrated look

It guarantees the ethical conduct of the business and the highlight for those who do it: our employees. Learn more on page 26.

### Responsible evolution

We develop our strategies based on our commitment to reducing environmental impacts, reaffirmed by our efficient environmental management. Learn more on page 67.

### Focus on Development Social

Our focus is to take care of people so that they live longer and better. We provide access to healthcare and invest in social projects, in addition to maintaining a responsible operation. Learn more on page 53.

## Value generated for stakeholders



### HUMAN CAPITAL

- **9,399** employees, with 2,371 being hired in 2021;
- Fostering diversity: **51.2%** of the team are women;
- **BRL 143.4** million paid in benefits;
- **Excellent place to work, according to the GPTW**;
- **100%** return after maternity leave.



### FINANCIAL CAPITAL

- **BRL 5,937.4 million** in Net Revenue (45.2% above the previous year);
- **45.9%** growth in EBITDA from Continuing Operations, compared to the previous year;
- Record Operating Cash Flow of **BRL 1,399.1** million or 18.3% higher than the previous year.



### MANUFACTURED CAPITAL

- **150 thousand square meters** of built area in the Pharmaceutical Complex;
- Expansion of the solids plant which now has the capacity of producing **18 billion** doses.
- **3** Distributing Centers (DCs); Cajamar (SP); Contagem (MG); Anápolis (GO).
- **1** Research and Innovation Center – **Hynova** – in Barueri (SP) with **5,601.68 m<sup>2</sup>** of built area.



### INTELLECTUAL CAPITAL

- **Hypera Way**: guide for decision-making, taking into account the ESG aspects for the sustainability of the business. Learn more on page 11.
- Fostering innovation through **Hynova** and partnerships for the development of new concepts and technologies;
  - **BRL 330 million** invested in innovation;
  - Launch of 80 new products;
- Integration of Simple Organic and Consulta Remédios, investments by **Hypera Ventures**.



### SOCIAL AND RELATIONSHIP CAPITAL

- **BRL 247 thousand** invested for the preservation and maintenance of the Ipiranga Environmental Park (GO);
- **4,335** national suppliers and **80%** of purchases made in Latin America;
- **BRL 2,633,440.24** of Private Social Investment, including donations, investment in communities and commercial initiatives;
- **476h** volunteering;
- **over 2,700** medicines and products donated.



### NATURAL CAPITAL

- **37,111 m<sup>3</sup>** of water reused;
- Reduction of **2.28%** in the amount of waste sent to landfill.
- **26.6%** reduction in waste generation index in productive areas;
- **20%** reduction in emissions per unit produced.

*\*Group information presented consolidated*



4

## Integrated Approach

# Ethical Conduct

## Best Practices

GRI 2-1 · 3-3

Hypera Pharma Group is a publicly traded corporation listed on the Novo Mercado ("New Market") listing segment of B3 – Brasil, Bolsa e Balcão. We are committed to follow the best corporate governance practices recommended by the Brazilian Institute of Corporate Governance (IBGC), considering accountability, transparency, equity, and corporate responsibility, which are key values for our business.

The special listing segment on the stock exchange, B3's Novo Mercado, is aimed at companies that have a high level of corporate governance. We commit to benchmark practices in the market, as detailed in the official regulation: <https://bit.ly/3M9zWyf>

In addition, in the last four years, we have not made contributions to political parties, as provided in the Code of Ethics, items 3.6 and 8.

The year 2021 featured 100% participation of directors at meetings, and the average term of office of directors at the end of the period was 7.6 years.

## CORPORATE STRUCTURE

We ended the year with a capital stock composed of 633,420,823 shares – all ordinary – quoted at BRL 28.27, totaling a market value of BRL 17,906,806,666.21.

Of the total shares, 21.38% are owned by our co-controlling shareholder, João Alves de Queiroz Filho, while 14.74% are owned by Maiorem S.A. de C.V., without any government involvement. For details on the Company's shareholdings, please visit: <https://bit.ly/3N2wNAm>



Learn more details about the Group's recent Policies and Processes: <https://ri.hypera.com.br/en/hypera-pharma/bylaws-and-policies/>

## FORMALIZATION OF COMMITMENTS

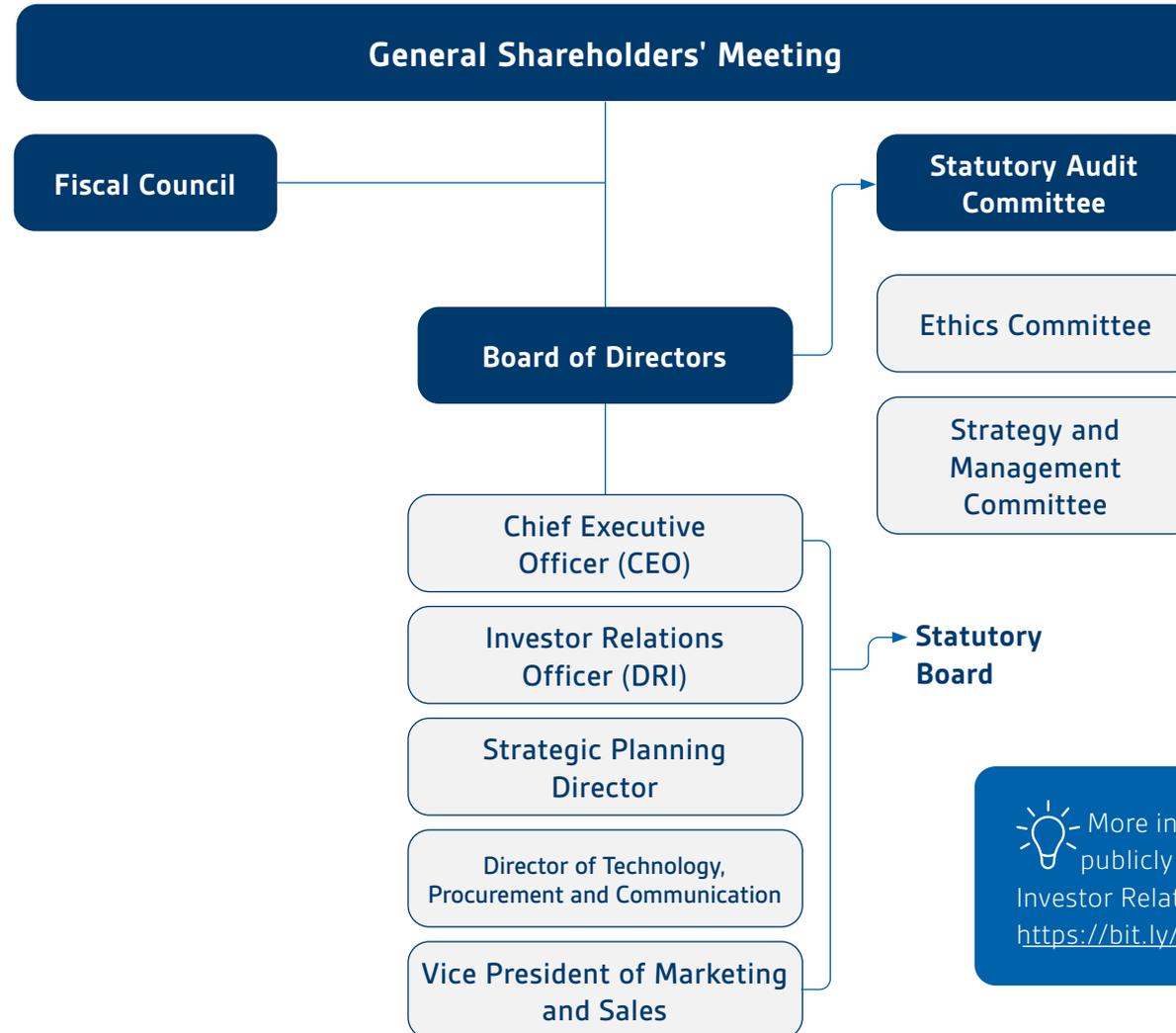
GRI 2-15 · 2-18

To prevent and manage conflicts of interest, we have several processes, as described in the Bylaws, in the Internal Regulations of the Board of Directors and its Advisory Committees, and in the Internal Regulations of the Statutory Audit Committee, in line with the guidelines of the Code of Ethics, available at: <https://bit.ly/3M7lypc>

We increased the robustness of our governance model with the preparation of internal policies and processes, in accordance with the B3 Novo Mercado Regulations. Among them, we have: **Internal Regulations of the Board and Advisory Committees, prepared in late 2021**, and the policies planned for the 1st half of 2022, such as the Related Parties Transactions Policy; Corporate Risk Management Policy; Compensation Policy – Executive Board, Committees, and Councils; and update to the Code of Ethics and Conduct and the Privacy and Data Protection Policy scheduled for the 2<sup>nd</sup> half of 2022.

# Hypera Pharma's Governance Structure

GRI 2-9 · 3-3



## GENERAL SHAREHOLDERS' MEETING

The **General Shareholders' Meeting** has the **common role of conducting the Group's business** and is convened annually, during the first four months of the fiscal year and, extraordinarily, when necessary.



More information is publicly available on the Investor Relations website at: <https://bit.ly/3Pfg52D>

## HYPERA PHARMA'S BOARD OF DIRECTORS (BOD)

GRI 2-10 · 2-11 · 2-12 · 2-17 · 2-18

With the aid of its advisory committees, the Hypera Pharma's BOD is the body that guides the conduct of the business while considering the positive and negative impacts of the operation on society and the environment, in addition to keeping the best corporate governance practices up-to-date and ensuring risk management monitoring and compliance with internal controls.

Meetings take place at least quarterly, which guarantees continuity and long-term value creation. The directors are elected through a slate vote every two years at the General Shareholders' Meeting, considering different profiles, such as diversity, age group, ethnicity, country of origin, and knowledge, for example, of health, new businesses, taxes, and finance, analyzed by consulting firms specializing in selection and nomination. Its composition has at least nine and at most eleven effective members.

It currently has nine members, three of which are independent. Of the total, 33% are non-Brazilians and 22% are women. The following are the details of the composition<sup>1</sup>:

<sup>1</sup>78% of Directors have relevant industry experience according to GICS level 1 industry criteria.

- **Álvaro Stainfeld Link** – Chairman of the BOD. Non-executive representative of the controlling shareholder (six terms) with experience in the finance sector and a member of the Strategy and Management Committee;
- **Bernardo Malpica Hernández** – Non-executive member representing the controlling shareholder (eleven terms) with experience in the finance sector, and a member of the Strategy and Management Committee;
- **Breno Toledo Pires de Oliveira** – Executive member representing the employees of Hypera Pharma (three terms). Chief Executive Officer (CEO) and a member of the Ethics, Strategy and Management Committee;
- **David Coury Neto** – Non-executive independent member (eight consecutive terms) with experience in the food sector;
- **Esteban Malpica Fomperosa** – Non-executive member representing the controlling shareholder (eleven terms) with experience in the finance sector;
- **Flair José Carrilho** – Non-executive independent member representing the medical community, patients and consumers (two terms) with experience in the healthcare sector;
- **Hugo Barreto Sodr  Leal** – Non-executive member representing the controlling shareholder (two terms) and coordinator of the Statutory Audit Committee;
- **Luciana Cavalheiro Fleischner Alves de Queiroz** – Non-executive member representing the controlling shareholder (ten terms) with experience in the finance sector and a member of the Strategy and Management Committee;
- **Maria Carolina Ferreira Lacerda** – Non-executive independent member representing minority investors (three terms). Member of the Statutory Audit Committee, with a mandate in another Board and Audit Committee.

According to the Hypera Pharma's BOD Internal Regulations, approved and published in December 2021, the Chairman of the body is responsible for evaluating and proposing to the Board any continuing education processes for its members. Nevertheless, mechanisms are provided for periodic evaluation of the performance of the bodies and their members until the Annual Shareholders' Meeting of 2022, as provided in the Novo Mercado Regulation. Additionally, the annual anti-corruption and corporate risk management training with members is scheduled to start in 2022.

## HYPERA PHARMA'S EXECUTIVE BOARD

The **Executive Board** is responsible for executing the guidelines and advising the strategies defined by the BOD, as well as complying with the Risk Management Policy. The following are the member details:

- **Adalmario Ghovatto Satheler do Couto** – Chief Financial Officer (CFO) and Investor Relations Officer (DRI);
- **Breno Toledo Pires de Oliveira** – Chief Executive Officer (CEO);
- **Luiz Eduardo Sales Clavis** – Vice President of Sales and Marketing;
- **Rafael Vito Batista** – Technology, Supply and Communication Officer;
- **Vivian Karina Trujillo Angiolucci** – Planning and Strategic Projects Officer.

## HYPERA PHARMA'S COMMITTEES

The **Committees** assist in the business strategy by providing guidance to the Board, in accordance with good governance practices. We emphasize that **only members of the Statutory Audit Committee are remunerated for participation**, as the other members are already administrators or employees of the Hypera Pharma. To ensure that all demands can be, we have divided our Committees into:

### HYPERA PHARMA'S STATUTORY AUDIT COMMITTEE

Advisory body of the BOD, supervising the integrity of financial reports, adherence to standards, adequacy of processes related to the area of Governance, Risks and Compliance (GRC), and the activities of internal and independent auditors. The meetings take place, at least, every two months, or extraordinarily, upon request. It currently has four members:

- **Ademir José Scarpin** – Non-executive independent member;
- **Hugo Barreto Sodr  Leal** – Non-executive member;
- **Jo o Martinez Fortes Junior** – Non-executive independent member;
- **Maria Carolina Ferreira Lacerda** – Non-executive independent member.

## HYPERA PHARMA'S ETHICS COMMITTEE

Its role is to manage and analyze, impartially, calmly, and with the guarantee of equal treatment and non-retaliation, the issues related to the Company's Code of Ethical Conduct, besides monitoring the Compliance department's annual work plan, analyzing and defining solutions for situations that may not be foreseen in the Code of Ethical Conduct, and periodically reviewing and recommending possible changes in the Code of Ethical Conduct:

- **Breno Toledo Pires de Oliveira** – CEO;
- **F bio Andr  Gonalves Ferreira** – Executive Manager of Internal Audit and Internal Controls;
- **Jo o Felipe Khamis Aguil r** – Risks and Compliance Officer;
- **Juliana Aguinaga Dami o Salem** – Senior Legal Officer;
- **Luiz Eduardo Sales Clavis** – Vice President of Sales and Marketing;
- **Maur cio Christovam** – Senior Human Resources Officer.

## HYPERA PHARMA'S STRATEGY AND MANAGEMENT COMMITTEE

GRI 2-13 · 2-14 · 2-17

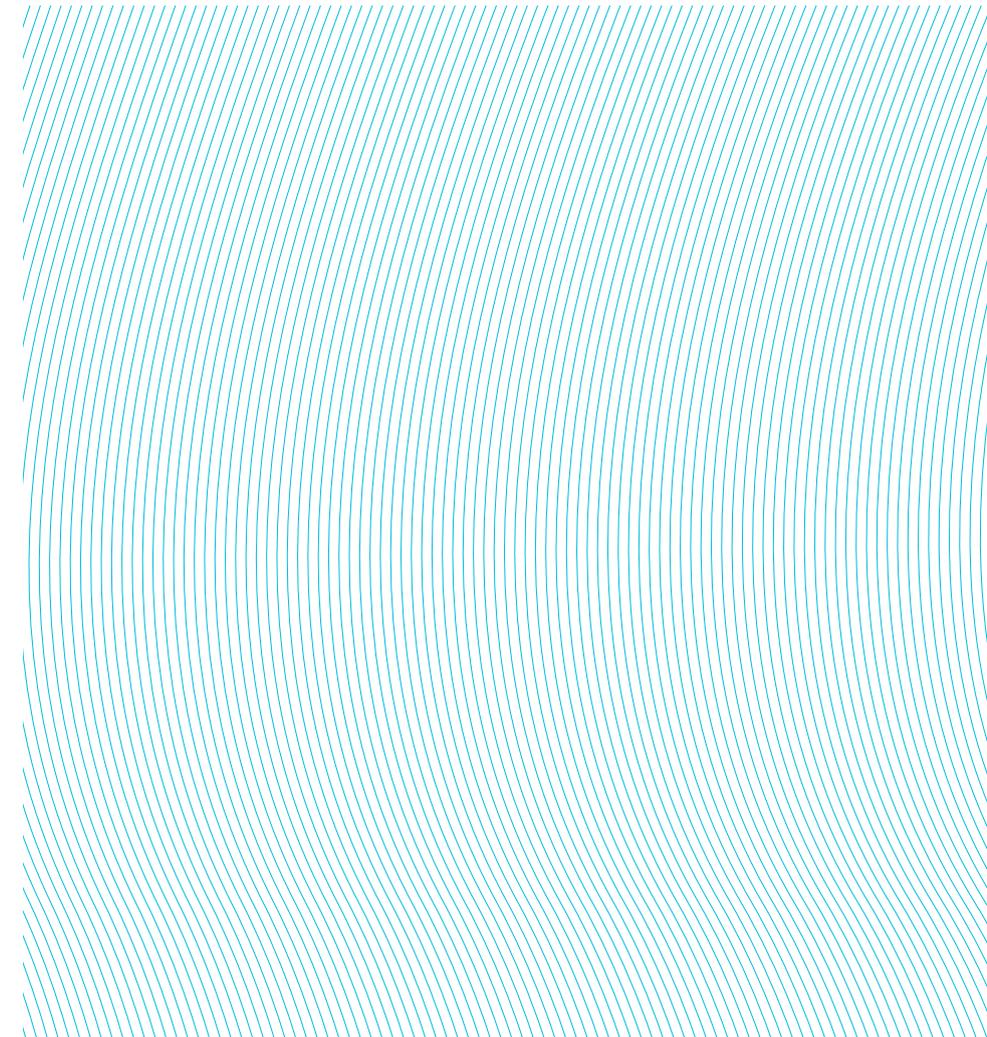
It works in alignment with the BOD, with the role of managing environmental, social and governance (ESG) issues, in addition to defining short-, medium- and long-term goals in the different areas of the value chain. Members have extensive knowledge for making business-relevant decisions:

- **Adalmario Ghovatto Satheler do Couto;**
- **Alvaro Stainfeld Link;**
- **Bernardo Malpica Hernández;**
- **Breno Toledo Pires de Oliveira;**
- **Luciana Cavalheiro Fleischner Alves de Queiroz;**
- **Luiz Eduardo Sales Clavis.**

## HYPERA PHARMA'S FISCAL COUNCIL

The **Fiscal Council** operates on a non-permanent basis, being established upon convening of shareholders, in accordance with legal provisions. It must be composed of three members, with an equal number of alternates. Its duties include the inspection of the administrators' acts and verification of the fulfillment of their legal and statutory duties.

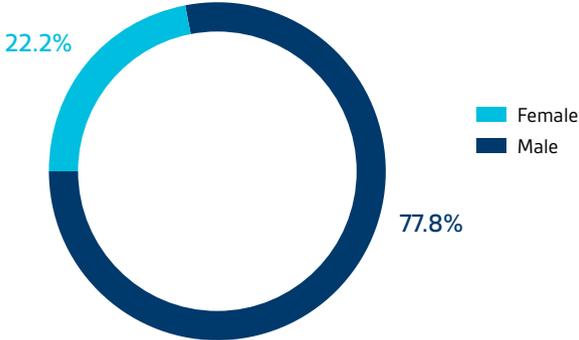
- **Marcelo Curti** – Effective member with nine terms;
- **Mauro Stacchini Junior** – Effective member with six terms;
- **Roberto Daniel Flesch** – Effective member with six terms;
- **Edgard Massao Raffaelli** – Alternate;
- **Luiz Alexandre Tumolo** – Alternate;
- **Rodrigo Aparecido Leme de Oliveira** – Alternate.



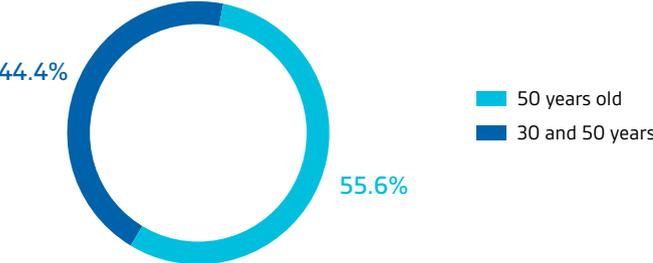
# Senior Leadership Diversity

GRI 2-9 · 405-1

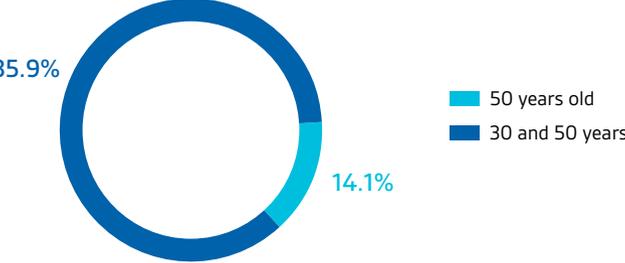
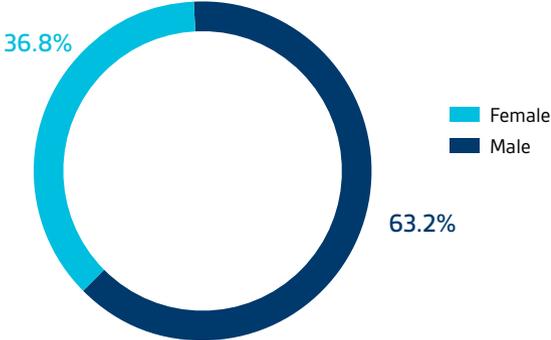
Diversity in the Hypera Pharma's BOD (%)



By age (%)



Diversity in the Hypera Pharma's Top Management<sup>1</sup> (%)



<sup>1</sup> Senior Managers, Executive Managers and Directors.

## Senior Leadership Compensation

GRI 2-19 · 2-20

We have compensation policies proposed and approved at the General Meeting, focusing on the Company's governance bodies.

- **Compensation of the BOD:** It comprises fixed compensation, without distinction among members, and reflects market practices, especially for the same functions performed by advisors of peers in the pharmaceutical sector;
- **Compensation of the Statutory and Non-Statutory Executive Board:** The process to determine the compensation of executives is carried out in accordance with the Compensation Policy – Executive Board, Committees, and Councils. Compensation includes benefits, including medical assistance and life insurance, as well as a fixed and variable portion. The bonus/profit-sharing policy is based on achieving a target of Net Income, EBITDA, sales revenue, sellout and individual targets assigned to the executive defined by the Chief Executive Officer and the BOD for the year, subject to the amounts approved in General

Shareholders' Meeting. Executives are also eligible for the share-based compensation program, in which they can receive at least 50% of their variable compensation in the form of Group shares.

### MANAGEMENT OWNERSHIP OVER ANNUAL SALARY RATIO

	Ratio
Breno Toledo Pires De Oliveira - Hypera Pharma's CEO	1.52
Other executive committee members (average)	1.08



Find out details about the compensation paid to members of the governance bodies in section 13 of our Reference Form: <https://bit.ly/37BTkFf>

- **Compensation of the Hypera Pharma's CEO:** It follows the guidelines of the other directors, including the possibility of purchasing 50% or 100% of the shares with its short-term annual bonus payment, with optional membership and longest payment period of four years. The longest period applied to targets that determine variable compensation is four years;
- **Compensation of the Supervisory Board:** Fixed annually by the General Shareholders' Meeting, it being noted that there is no variable compensation. The amount is not less than 10% of the average compensation attributed to each Officer in the fiscal year, pursuant to Article 162 of the Brazilian Corporation Act.

## Ethics and Anti-Corruption Practices

GRI 2-12 · 2-16 · 2-23 · 2-24 · 2-25 · 2-26 · 3-3 · 205-1 · 205-3 · SASB HC-BP-510a.1

The maintenance of our commitment to ethical performance takes place on a daily basis, with a work environment in which integrity is non-negotiable. We are guided by the Ethics and Compliance Program Policy, which describes the respective program as well as the roles and responsibilities around its guidelines. In addition, our internal processes are guided by the internal Compliance Incident Analysis and Handling Policy, which describes the steps for receiving, analyzing and handling incidents, according to their levels of criticality.

The management of impacts and monitoring of the topic is the responsibility of the **Board of Risk and Compliance**, which reports directly to the CEO and to the Statutory Audit Committee.

The area's mission is to disseminate the culture of ethics and integrity at the internal level, as well as managing corporate risks. To guide this mentality, we have an **Internal**

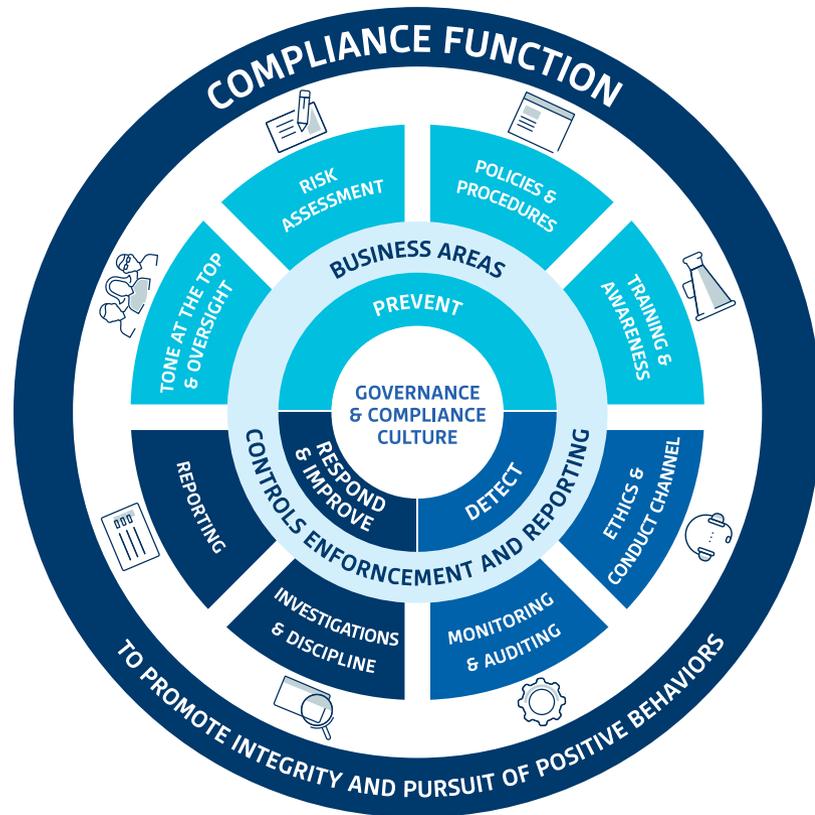
**Ethics and Compliance program**, which has the motto **"Fazer o Certo, Sempre Dá Certo"** ("Doing the Right Thing Always Works"). Through it, we are able to detect, prevent and respond to risks that may cause financial and reputational damage to the Company, in addition to encouraging engagement actions for all stakeholders.

To increase transparency in our relationships, we have an internal tool specifically designed for the electronic recording of interactions with public officials, and, in 2021, we internally consolidated the **Policy on Relations with Public Authorities**, which aims to present to employees the guidelines expected by the Company, as well as to train them on the subject.

We emphasize our repudiation of all types of discrimination and harassment, with sanctions provided in the Group's internal consequences matrix.



## ETHICS AND COMPLIANCE PROGRAM



### Code of Ethical Conduct

Approved by the BOD, it aims **to regulate our internal and external relations, in addition to being an instrument to strengthen the Hypera Way.**

In 2021, we started the process of **updating the Code of Ethical Conduct**, which includes subjects related to the relationship with health professionals, reaffirmation of our commitments to human rights, combating moral and sexual harassment and sex trafficking.



Discover our Code of Conduct at:  
<https://bit.ly/3L5BV5s>

### Anti-Corruption Policy

**We operate based on the Brazilian Anti-Corruption Law and the Internal Anti-Corruption Policy.** In this way, we implement monitoring and awareness mechanisms in all the companies of the Group.

100% of the Company's operations are subject to anti-corruption processes, as mentioned in the Policies on Government Relations, Third-Party Integrity Due Dilligence, Anti-Corruption, etc.



Learn more about our Anti-Corruption Policy:  
<https://bit.ly/3ywyfXU>

### Confidential Channel

With **uninterrupted operation** through the website, our employees, third parties and other partners can **report situations of violation or non-compliance with our Code of Ethical Conduct in the Whistleblower Channel.**

To ensure confidentiality and impartiality of cases, these are received by an independent company, and can be reported anonymously or identified.

Subsequently, the cases are forwarded for consideration by the Compliance area and, when necessary, are taken to formal meetings of the Ethics Committee and Audit Committee, increasing our transparency and governance for the topic.



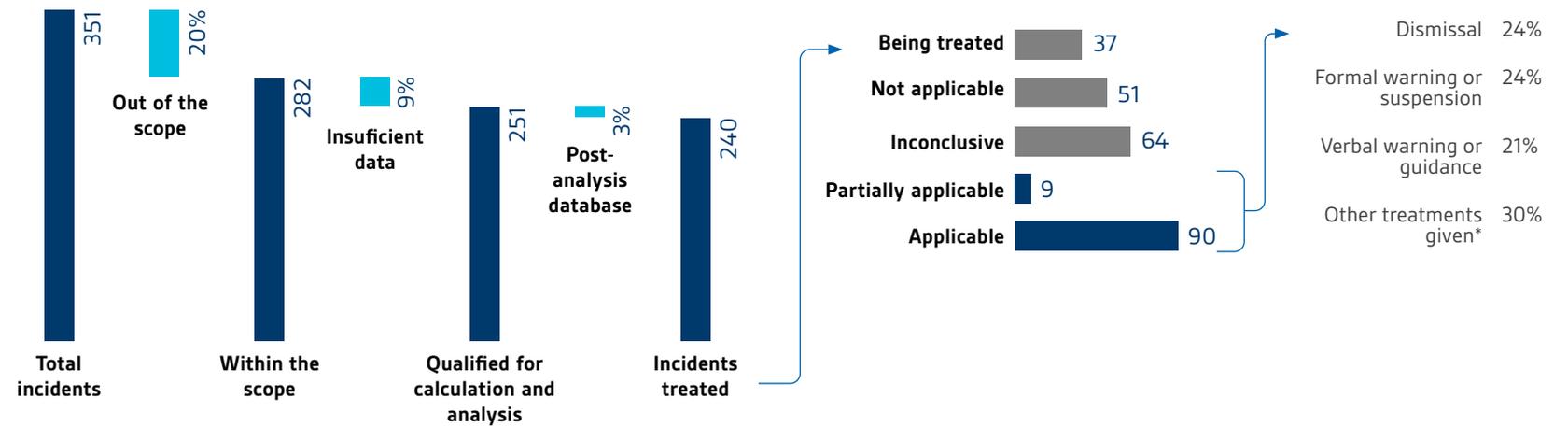
Visit the Confidential Channel:  
[canalconfidencial.com.br/hyperescuta/](https://canalconfidencial.com.br/hyperescuta/)  
Telephone: 0800 7720891

## IDENTIFIED CASES

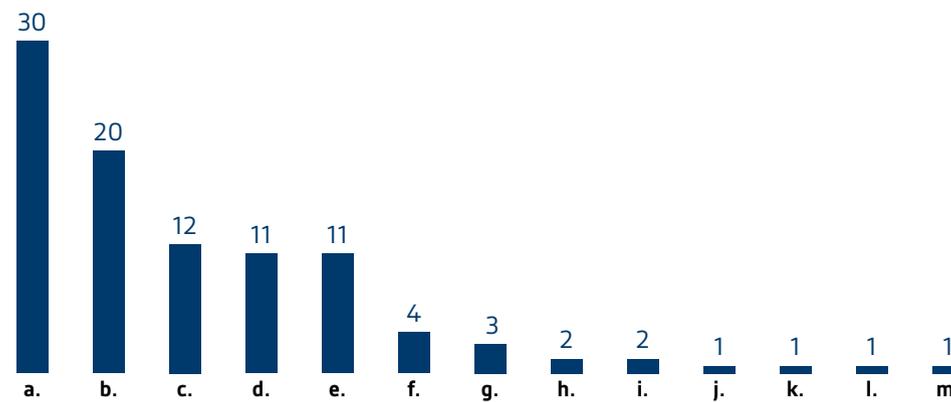
In 2021, 351 cases of non-compliance regarding the Code of Ethical Conduct, Internal Policies and Procedures were reported. Of these, 99 were considered to be valid or partially valid, 37 are still under treatment.

All situations are handled in accordance with the Internal Compliance Incident Analysis and Treatment Policy, guaranteeing the principles of impartiality and fairness, as well as confidentiality and non-retaliation for whistleblowers. In order to prevent future situations, we reinforce internal guidelines through communications and training.

### Incident management



### Nature of incidents



- a. Non-compliance with internal procedures and policies
- b. Inappropriate behavior and misconduct
- c. Fraud
- d. Bullying or discrimination
- e. Theft, robbery or diversion of materials
- f. Favoring or conflict of interest
- g. Image
- h. Leakage or misuse of information
- i. Sexual harassment
- j. Parallel activity
- k. Use or trafficking of prohibited substances
- l. Clarifications on internal policies and Code of Ethics
- m. Commercial complaint

## ENGAGEMENT

GRI 205-2

We address topics related to our Code of Ethical Conduct in the New Employee Integration Program (PINIC), in our mandatory e-learning program (applicable to all audiences with computer access), and through the Corporate Portal, email, Corporate TV, murals, and printed materials.

We reinforce our commitment to the Code's guidelines through an acknowledgment statement, which is signed by all employees. For third parties, we have incorporated specific contractual clauses, which guide them in knowing and applying the guidelines of the document in their business, non-compliance with which may result in fines and even contractual termination.

CODE OF ETHICS ENGAGEMENT AND TRAINING				
	Communication		Training	
	Total	%	Total	%
Board of Directors	1	11%	0	0
Statutory board	5	100%	1	20%
Employees	9,399	100%	9,399	100%
Suppliers	62*	100%	0	0%

\* Critical suppliers according to the due diligence process

## Risk Management

GRI 2-13

Our risk management structure and governance is based on the premises and concepts of the **Institute of Internal Auditors of Brazil (IIA) and on the Corporate Risk Management process, established according to ISO 31000:2018**. These practices are managed by the Risk Management area, alongside the Internal Controls, Compliance, Internal Audit, Statutory Audit Committee, and Strategy and Management Committee.

Our Risk Management Policy, which guidelines are practiced in the day-to-day activities, is in final approval phase and will be made available on the [Investor Relations website](#) at during the course of 2022.

As a result of this model of acting, we are capable to identify and analyze emerging risks, that are inherent to our business (from environmental threats to ciber security), and propose actions even before they materialize.

As a way of disseminating the risk management culture, another practice that will be adopted in 2022 is the inclusion of this topic in the performance evaluation process of the Company's employees.



**100%**

**of employees communicated**

and trained on the anti-corruption topic.



**100%**

**of suppliers**

**communicated —**

highlighting the 62 considered highly critical according to the due diligence process.

## EMERGING RISKS

### INFORMATION SECURITY RISK

The global cyberthreat continues to advance at a rapid pace, with an increasing number of data breaches each year. A RiskBased Security report revealed that 7.9 billion records were exposed by data breaches in the first nine months of 2019 alone. This figure is more than twice (112%) the number of records exposed in the same period in 2018. The same study pointed to an 11% increase in 2021, compared to 2020.

#### Description

Medical services, retailers and public entities have already suffered breaches, with cyber criminals being responsible for most of these incidents. Some of these industries are more attractive to cyber criminals because they collect financial and medical data, but all companies using networks can be targeted by customer data attacks, corporate espionage, or customer attacks. The risk of information security is increasing in view of the increase and sophistication of hacker attacks. With the COVID-19 pandemic, these risks have increased, mainly due to Home Office needs and the flexibility of some access policies.

#### Impact

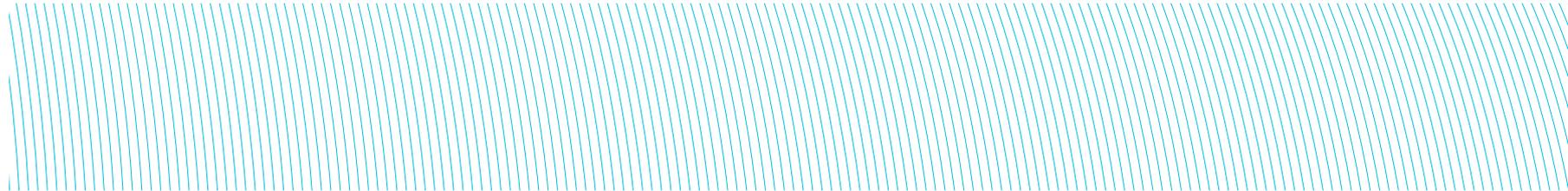
Failure to protect the Hypera Pharma Group's critical information or systems could impact our customers, employees, and patients, as well as disrupting our business, which could lead to financial loss, reputational damage, and regulatory sanctions. In view of this, at the Hypera Pharma Group, we have reinforced our investments in cybersecurity, with the aim of protecting our computers and servers, mobile devices, electronic systems, networks and data against malicious attacks.

#### Mitigating Measures

To mitigate possible risks, we have a Corporate Information Security Policy, which complies with the best practices and international standards (ISO2700X). We also carry out security training and awareness, including periodic phishing drills, and invest in the implementation of new solutions for resilience and responsiveness to security incidents.

Furthermore, the Group has an SRM (Security & Risk Management) Team to ensure the application of security policies and solutions and further develop the initiatives already implemented for security modernization, including advanced threat protection systems, management and control of privileged credentials, control of removable devices in the environment (USB Block), continuous vulnerability management process, internal and external audits of security controls (ITGC – IT General Controls), and Pen Testing (penetration tests) for evaluation and evolution of controls.

For 2022, the modernization and implementation of protection against advanced threats in emails, increased governance and protection against information leakage, proactive monitoring of user behavior, 24/7 monitoring of security events, and the possibility of hiring Cyberattack insurance.



## SUPPLY RISK

Due to the raw material supply chain of the Group relying on suppliers from countries such as China and India, we continuously monitor the relationships and geopolitical risks of these two countries regarding others and analyze the possibility of conflicts that may interfere with the interruption of our supply and, consequently, jeopardize our operations and the lives of patients who depend on some of our medicines. Therefore, we follow this Geopolitical Emerging Risk.

### Description

The Hypera Pharma Group's supply chain has major suppliers in China and India, and these countries play a key role in supplying APIs (Active Principle Ingredients) and other raw materials for the Group, such as losartan potassium, paracetamol, and dipyron, used in the production of relevant medicines for the Brazilian population.

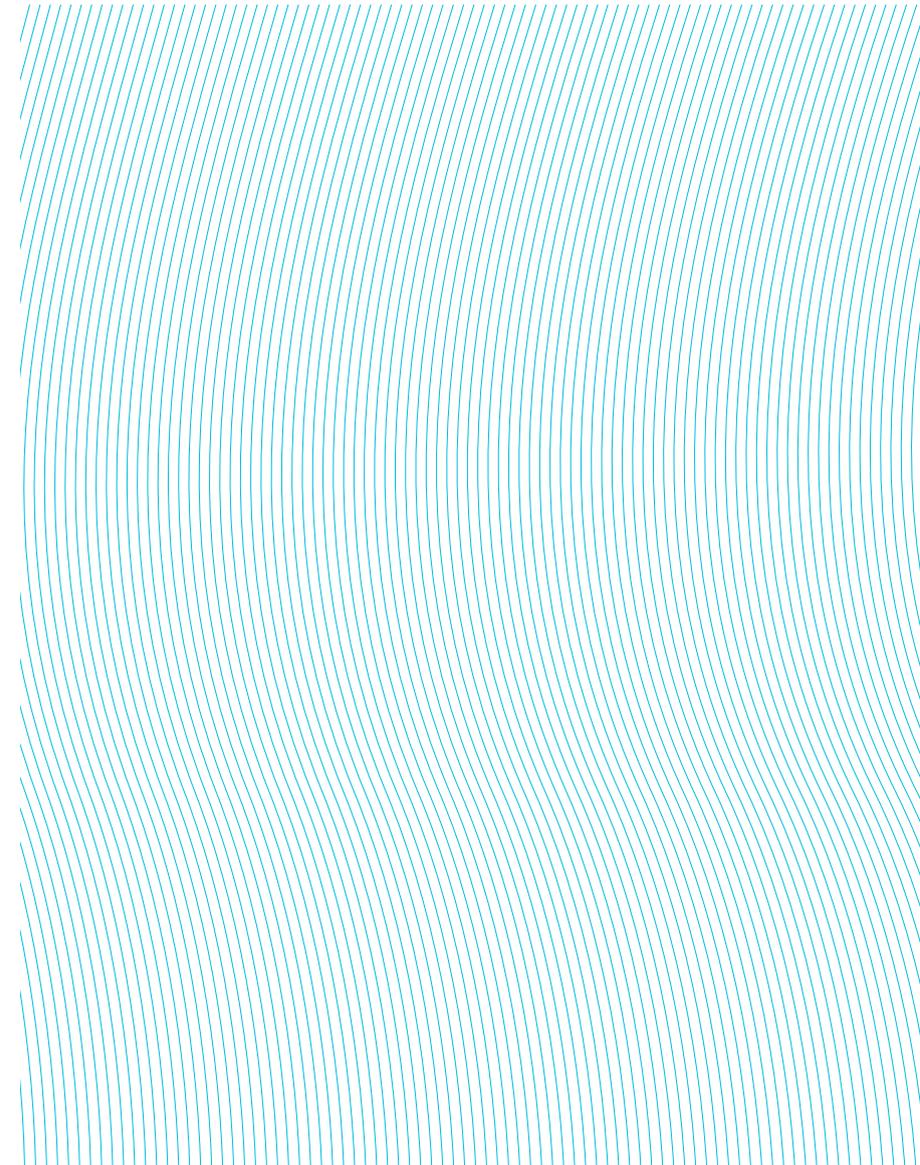
Future global geopolitical conflicts and tensions involving these two countries, such as the diplomatic tensions between China and Taiwan in 1940 and more recently in 2021, or between India and Pakistan, such as the conflicts of the 1950s, 1960s and 1990s over the Kashmir region, could affect the supply chain of the Hypera Pharma Group.

### Impact

The Hypera Pharma Group's supply chain has major suppliers in China and India, which represent approximately 34% of the costs with APIs (Active Principle Ingredients), packaging, and semi-finished products. In the event of serious geopolitical tensions involving China and India, leading to the interruption of supply in our supply chain, the Company could experience delays in the production of its medicines, affecting its cash generation and the health of the Brazilian population.

### Mitigating Measures

To mitigate possible risks to cash generation and the health of the Brazilian population from possible delays in supply due to geopolitical tensions in these countries, the Company (i) continues to operate with higher levels of raw material inventories, packaging, semi-finished and finished products in its inventories; (ii) it operates with levels of finished product inventories at its customers above the average of the main pharmaceutical companies with operations in Brazil; and (iii) increased the number of suppliers of key raw materials for the production of its products.



# Highlighting Those Who Get It Done

## Our Employees

GRI 2-7

We value a work environment that is in line with the Group's plural corporate culture, which values each of our employees.

Since 2019, we have had the Great Place to Work (GPTW) certification, renewed in April 2021, through a process that includes a climate survey, considering the opinion of the team itself.

The percentage of employees who rate the Group as a great place to work leaped from 72% in 2019 to 80% in 2021 – above the global average. This is a direct reflection of our efforts to ensure the well-being of each of our people, especially in the face of the pandemic scenario of the past two years.

In 2021, we created the Climate Committee, which works in areas where we noticed a drop in engagement compared to the previous survey. This Committee consolidates our strengths and identifies areas for improvement, which are converted into Action Plans and, subsequently, have their implementation analyzed by the People & Management area.

It is worth mentioning that, in 2021, we also created the Chat program alongside the Leadership, comprising one of the initiatives to bring Senior Leadership closer to the daily lives of employees.

### Employees<sup>1</sup>



EMPLOYEES BY JOB TYPE		
	Full time	Part time
<b>Gender</b>		
Women	4,810	4
Men	4,583	2
<b>Region</b>		
Goiás	8,148	1
Minas Gerais	12	0
São Paulo	1,233	5



- Goiás – 8,149 (86.7%)
- São Paulo – 1,238 (13.2%)
- Minas Gerais – 12 (0.1%)

<sup>1</sup> Total considering employees under the CLT regime, interns and hourly workers. 100% of our employees are permanent and have a specific workload, in accordance with current legislation.

## DIVERSITY

GRI 3-3 · 405-1

Diverse environments rely on plurality as a differentiator, thereby ensuring resilience and innovation to the operation, in addition to a sense of belonging among employees. As an inclusive Group, we have different views of the business and, as a result, we accelerate our generation of value for all stakeholders. As a result of discussions, we identified the need to create Affinity Groups, which will be implemented from 2022.

We also have initiatives aimed at increasing diversity, such as assistance from consulting firms to hire persons with disabilities (PwDs), and partnerships with "Indique uma Preta" and TransEmpregos in the internship program.

### DIVERSITY BY FUNCTIONAL CATEGORY (%)

	Men	Women	Less than 30 years	Between 30 and 50 years	more than 50 years
Director	67.3%	32.7%	0.0%	80.8%	19.2%
Executive manager	82.6%	17.4%	0.0%	82.6%	17.4%
Senior Manager	55.7%	44.3%	0.0%	89.8%	10.2%
Manager	63.0%	37.0%	2.4%	88.6%	9.0%
Specialist	70.6%	29.4%	7.1%	87.1%	5.9%
Coordinator	58.0%	42.0%	10.3%	89.0%	0.7%
Supervisor	53.8%	46.2%	9.4%	87.7%	2.8%
Leader	70.6%	29.4%	32.5%	66.5%	10%
Other	46.7%	53.3%	39.0%	56.2%	4.8%

### Women occupy 37.85% of all MANAGEMENT POSITIONS, being:

- 38.02% of junior management positions<sup>1</sup>;
- 36.80% of senior management positions;
- 48.34% of revenue generating positions;
- 40.83% of positions related to science, technology, engineering and mathematics (STEM).

### ETHNIC/RACIAL DIVERSITY (%)

	Employees	Management positions
White	46.37%	62.56%
Brown	45.38%	33.09%
Black	5.68%	1.68%
Asian	1.51%	1.50%
Indigenous / traditional	0.28%	0%
Other <sup>2</sup>	0.77%	1.17%

### OTHER DIVERSITY INDICATORS (%)

PwD	2.3%
-----	------

<sup>1</sup> Includes first-level management positions

<sup>2</sup> Unclassified employees.

## TALENT ATTRACTION AND RETENTION (OHS)

GRI 3-3 · 401-1 · SASB HC-BP-330a.1

### MOVEMENTS

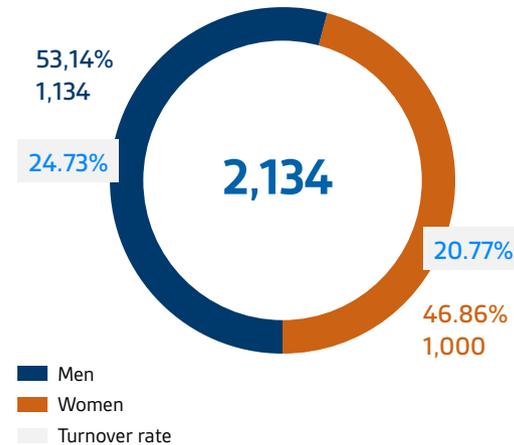
GRI 404-2 · SASB HC-BP-330a.2

We ensure that our relocations and terminations occur in a cordial and efficient manner. That's why we developed a booklet for managers, which includes a checklist and extra tips to ensure that delicate moments like this are handled in the best possible way.

On the front of new hires and talent attraction, in 2021, we maintained our selection process in an online environment through the dissemination of vacancies on social networks and talent attraction platforms, as well as through internal channels. During the selection process, in cases of filling technical vacancies (e.g. R&D area), we included stages of technical tests with full monitoring by the vacancy manager.

In 2021, the Group created a job rotation program, whose goal is to broaden employees' vision and expand their knowledge about the businesses where we operate, boosting the High Performance Culture and providing development actions.

### Employees who left the team in 2021



### TURNOVER RATE

	2018	2019	2020	2021
Total	18.12%	19.90%	14.76%	23.15%
Volunteer	5.40%	5.66%	4.98%	8.75%

### TURNOVER RATE BY CATEGORY<sup>1</sup>

	Volunteer	Involuntary
Top management	0%	0%
Middle management	7.21%	1.86%
Other management positions	8.92%	7.56%
Other positions	15.02%	9.04%

### EMPLOYEES WHO LEFT THE COMPANY (by region)

	Total number	Turnover rate
São Paulo	355	28.68%
Goiás	1,779	21.83%

### EMPLOYEES WHO LEFT THE COMPANY (by age group)

	Total number	Turnover rate
Less than 30 years	975	27.47%
Between 30 and 50 years	1,121	19.91%
more than 50 years	38	28.68%

### EMPLOYEES WHO LEFT THE COMPANY (by ethnicity)

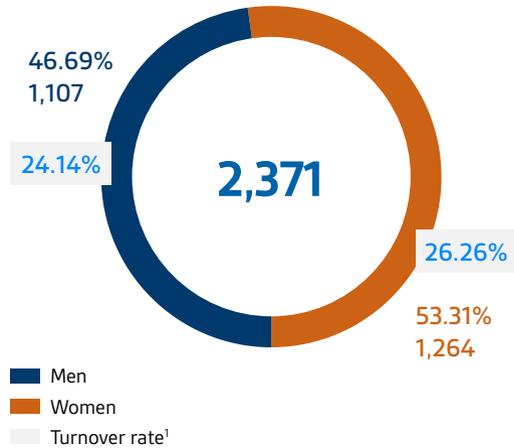
	Total number	Turnover rate
Asian	15	1.50
White	703	62.56
Brown	397	33.09
Black	22	1.68
Others <sup>2</sup>	7	1.17

<sup>1</sup> Classification according to the EEO-1 Job Categories. For "Senior Management", we consider the CEO, Executive Directors and Vice Presidents; "Middle management" includes directors reporting to the CEO and Executive Managers; "Other management positions" are Managers, Senior Managers, Coordinators, Supervisor and Leaders; "Other" consider the positions of Specialists and Professionals. To calculate turnover rate, we consider the number of employees at the end of the year, divided by the total number of layoffs during the period.

<sup>2</sup> Unclassified contributors.

## Employees who joined the team in 2021

Totalling a hiring rate of 25.23%.



## NEW EMPLOYEES HIRED (by age group)

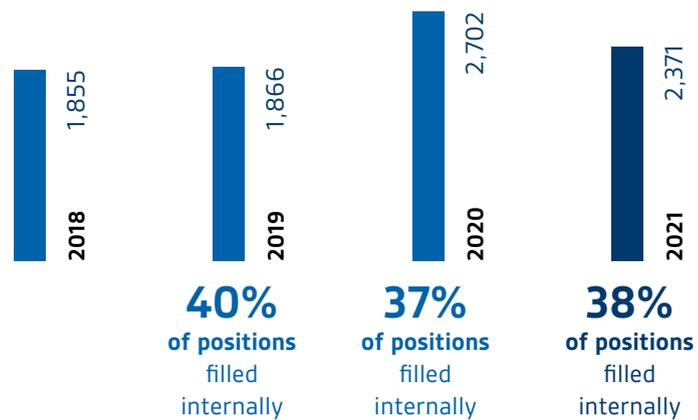
	Total number	Hiring rate
Less than 30 years	1,416	42.79%
Between 30 and 50 years	930	16.52%
more than 50 years	25	5.42%

## NEW EMPLOYEES HIRED (by region)

	Total number	Hiring rate
São Paulo	456	36.83%
Goiás	1,915	23.50%

Note: Turnover and hiring rates calculated from the Dec/21 headcount, divided by the number of dismissals/hirings in the year.

## Hiring history



## INTERNSHIP PROGRAM

Our Internship Program aims to attract and develop potential young people. By late 2021, we offered 131 vacancies in São Paulo, in the state of São Paulo (SP), as well as Goiânia and Anápolis, in the state of Goiás (GO), in a 100% online selection process, fully designed to encourage team diversity. At the end of the process, all young people were hired to start in 2022.

<sup>1</sup> To calculate hiring rate, we consider the number of employees at the end of the year, divided by the total number of layoffs during the period.

## COMPENSATION

GRI 2-20 · 202-1 · 405-2

The Hypera Pharma Group has a structure of Positions and Salaries covering 100% of employees, established and updated based on technical criteria. We guarantee compensation that is fair, compatible with the market, and egalitarian among gender and functional categories.

EQUAL PAY						
	Average base salary			Average total remuneration		
	Men	Women	Proportion	Men	Women	Proportion
<b>By functional category</b>						
Executive level <sup>1</sup>	BRL 66,722.29	BRL 60,541.82	0.91	BRL 174,648.02	BRL 148,587.64	0.85
Management level <sup>2</sup>	BRL 10,233.48	BRL 10,141.74	0.99	BRL 22,994.43	BRL 22,355.98	0.97
Level of non-management	BRL 3,570.66	BRL 3,510.18	0.98	BRL 9,024.37	BRL 8,628.29	0.96
<b>Per operating unit</b>						
Goiás	BRL 4,315.12	BRL 3,483.84	0.81	BRL 11,200.94	BRL 9,077.77	0.81
Minas Gerais	BRL 1,706.00	BRL 3,987.00	2.34	BRL 4,323.57	BRL 8,172.10	1.89
São Paulo	BRL 13,830.34	BRL 11,084.92	0.80	BRL 29,827.57	BRL 22,208.44	0.74

<sup>1</sup> Directors (including the CEO).

<sup>2</sup> Managers, coordinators, supervisors, specialists and leaders.

MINIMUM WAGE BY GENDER IN MAIN OPERATIONS			
	Local minimum wage	Minimum wage The Hypera Pharma Group Men	Minimum wage The Hypera Pharma Group Women
Goiás	BRL 1,100.00	BRL 1,303.00	BRL 1,303.00
Minas Gerais	BRL 1,100.00	BRL 1,371.00	BRL 2,564.00
São Paulo	BRL 1,183.33	BRL 1,524.00	BRL 2,256.00

## BENEFITS

GRI 401-2 · 401-3 · 403-6

Caring for our employees is our priority. We provide a variety of benefits, such as life insurance, health insurance, disability allowance, maternity/paternity leave, flexible hours, and stock purchase plan (eligible positions).

According to the rules established in the Consolidation of Labor Laws (CLT), 100% of employees are entitled to maternity leave. In 2021, 267 employees went on leave. Of these, 100% returned to work at the end of the period and 233 (87.3%) remained in the Group after 12 months of leave.

In all locations, we also have telemedicine, discount at the e-commerce store, medication program, medical assistance, flu vaccination, Gympass, social assistance (welcome and social security leave support), and discounts of up to 40% on language, university, and technical courses.

Additionally, through the Personal Support Program (PAP), we individually support each of our employees with regard to personal setbacks, which allows us to identify and manage possible risky behaviors, increasing our success in reintegrating employees and decreasing our rate of turnover.

With an emphasis on maintaining the physical and emotional health of employees, we have Vitta, an assistance center that can be accessed 24 hours a day, 7 days a week, by phone and via the WhatsApp app. In addition to Telemedicine (consultations), the center offers prompt care for COVID-19; medical analysis and referral, as well as analysis of results and guidance of exams; referenced network support; psychological support aimed at identifying and managing cases and complaints related to exposure to stressful situations, including aspects related to leave due to mental health (such as panic disorder, depression, burnout syndrome, etc.); and second medical opinion.

Furthermore, we are aware of the importance of evolution and well-being in the professional environment. Therefore, we invest in initiatives to improve and develop our employees, such as the subsidy program for international MBA courses, with specializations in universities in Europe and the United States.

Some benefits are offered according to each operation:

### ANÁPOLIS

- On-site lunchroom;
- CDI - Child Development Center (on-site daycare);
- Chartered bus;
- Breastfeeding Room;
- Healthcare Space: medical assistance clinic;
- Kids Day: on-site party;
- End of year: Employee Meal Christmas card.

### GOIÂNIA, BARUERI AND SÃO PAULO

- Kids Day: party on site;
- Breastfeeding Room;
- Health Space: medical assistance clinic;
- Medication Program: in-house pharmacy.

### BRAZIL – FIELD TEAM

- Kids Day: gift card;
- Medication Program: pharmacy card;
- End of Year: Employee Meal Christmas card.

## TRAINING AND DEVELOPMENT

GRI 3-3 · 404-1 · 404-2

Our structure supports the continuous personal and professional development of our employees. We have a Job Rotation Program, whose goal is to broaden employees' vision and expand their knowledge about the businesses where Hypera operates, boosting the High Performance Culture and providing development actions.

In 2021, we continued to leverage our e-learning platform through knowledge trails in the People & Management platform, which ensure that employees have easy access to training, at the most convenient times of their routine.

During the year, the **Leadership in Practice Program** stood out. Aimed at coordinators, supervisors and managers, its goal is to provide guidance on necessary skills and emphasize the importance of working in accordance with the Company's values.

In parallel, GPTW research helps us to structure leadership-oriented workshops to guide them in disseminating perspective changes within their teams.

Finally, we have an External Training policy that fully funds technical and specific training for the day-to-day working needs of employees who make a request.

### LEADERSHIP SCHOOL

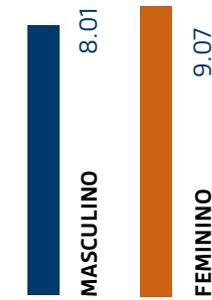
Since September 2021, we have had the Leadership School, a development center at three levels (Team Leader, Leader of Leaders, and Senior Leadership).

Our content is guided by the seven leadership attitudes, connected to market trends and designed to prepare our leaders for today's and tomorrow's challenges. During these months of existence, we have trained more than 900 leaders and generated 3.9 thousand hours of training.

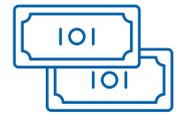
Apart from the trails aimed at each of the levels aforementioned, in the "Essential Baggage" we make available content that is equally useful for all levels. In this case, besides gathering the bases for developing the role of a leader, the "Essential Baggage" can be used whenever there is a need for recycling or learning.

### Average hours of training

By gender

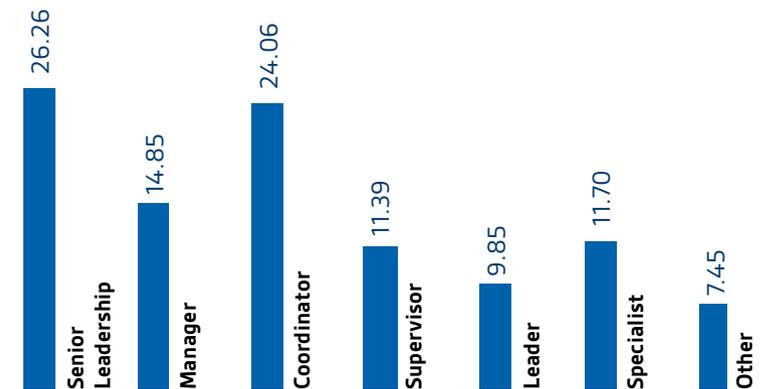


In all, we reached the mark of 80,378 hours of training



We invest, on average, BRL 286.68 in training and development for our team.

By functional category



## PERFORMANCE APPRAISAL

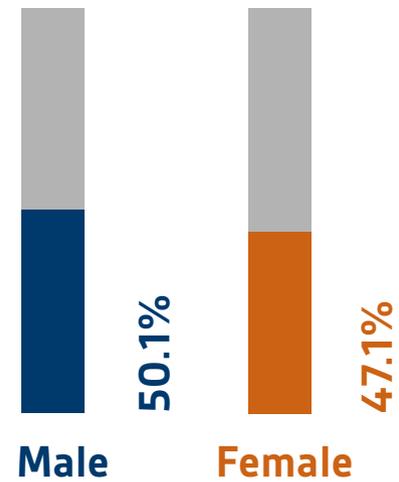
GRI 404-3

We encourage performance appraisal for employees at all levels, in order to keep the development of professionals in constant evolution, with awareness of the path to be traced by each one. Regarding the rest of the employees, who did not receive individual appraisal, this is due to the fact that they occupy operational positions, which have collective goals, requiring no individual performance appraisal.

### % OF EMPLOYEES WHO RECEIVED PERFORMANCE ANALYSIS BY FUNCTIONAL CATEGORY

Directors	57.7%
Managers	88.5%
Coordinators	92.0%
Supervisors	92.5%
Leader	81.7%
Specialists	63.5%
Other	43.1%
Grand total	48.6%

### % OF EMPLOYEES WHO RECEIVED PERFORMANCE ANALYSIS BY GENDER



## OCCUPATIONAL HEALTH AND SAFETY (OHS)

GRI 3-3 · 403-1 · 403-2 · 403-3 · 403-4 · 403-5 · 403-6 · 403-7 · 403-8 · 403-9

We maintain strict controls regarding compliance with Standards and Legislation to ensure a safe work environment for 100% of employees and third parties. In accordance with Brazilian Ordinance 3,214/78, we guarantee compliance with the Regulatory Standards<sup>1</sup>(NR) in 100% of the Group's operations.

OHS performance indicators are monitored in all production and maintenance units. Each week, we publish the updated numbers and, each month, the general indicators of the plants on their bulletin boards.

### RISK IDENTIFICATION AND MITIGATION

Our risk identification process is participatory. Weekly, managers carry out safety walks, totaling 24,640 at the end of the year, with the goal of evaluating behaviors and working conditions, and promoting safe and healthy work environments, infrastructure, and means of accessibility, so that everyone is included. As an example, we have bathrooms dedicated to persons with disabilities.

<sup>1</sup>Our system complies with ordinance 3.214/78, that seeks to ensure a safe workplace.

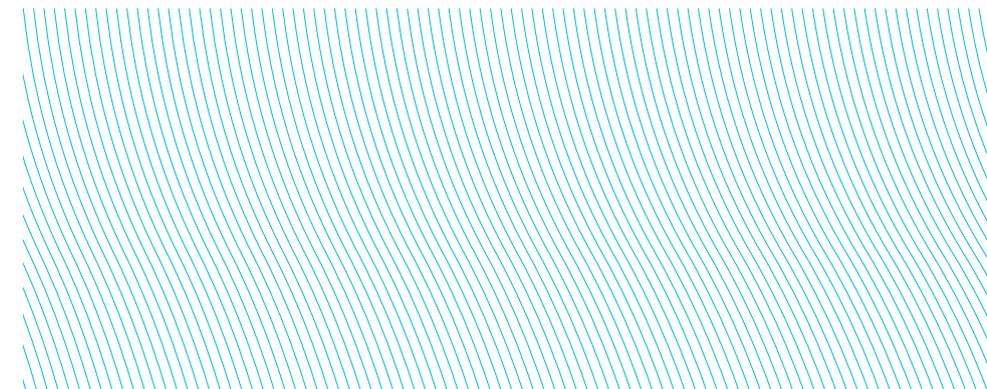
The results are inspection forms to assess the levels of hazardous work.

Our Specialized Service in Occupational Safety and Medicine (SESMT), composed of physicians, nurses and occupational nursing technicians, has the following programs to ensure the tracking, identification and monitoring of diseases or conditions that may aggravate previous pathologies.

- **Occupational Health Medical Control Program (PCMSO)** – It seeks to promote health in a preventive way, through campaigns and exams;
- **Hearing Conservation Program (PCA)** – It focuses on preserving the employees' hearing, preventing hearing loss or its worsening when there is a previous loss;
- **Ergonomic Work Assessment (AET)** – It aims to track and prevent possible physical and mental illnesses associated with work;

We also have Local Assistance Health Services, which provide assistance in outpatient clinics in each operating unit, available 24 hours a day.

We guarantee the confidentiality of data collected in the services through training on professional ethics and the existence of medical records restricted to health professionals. To maintain the quality of services, we carry out internal audits periodically.



## EMPLOYEE ENGAGEMENT AND TRAINING

Our main awareness action to avoid unsafe behavior is the dissemination of the **Seven Safety Principles**, which are included on the badges of all employees and are reinforced by Brainfarma's Executive Board of Operations in plenary meetings at the plants.

The training carried out includes the APRs for all employees who carry out hazardous activities, the internal safety procedures, the NRs, and first aid training for health professionals, Internal Commission on Accident Prevention (CIPA) members, and firefighters.

To increase engagement, we have an **Ergonomics Committee**, three Internal Commission on Accident Prevention (CIPA), and a working group to evaluate and implement improvements in machines and equipment with monthly meetings, in addition to awareness campaigns in communication channels.

## 7 SAFETY PRINCIPLES

1. Accidents and occupational diseases are predictable and must be prevented;
2. Leadership is responsible and accounts for the OHS performance of its teams;
3. Engagement and training of operators is essential;
4. Working safely is employment condition;
5. Security excellence leads to outstanding business results;
6. Health and safety are integrated into all business management processes;
7. If something can't be done safely, don't do it.



### FOLLOW-UP OF CASES

In case of incidents, we prepare Investigation Commissions, involving the area's leadership, a member of CIPA, and if possible, the injured employee. Meetings are held monthly and are attended by elected employees.

In this way, it is possible to identify the causes and develop action plans to avoid recurrence. In 2021, 16 outsourced workers were permanently blocked after failing to comply with safety standards.

In the case of employees, in 2021, there were 45 accidents with leave. The main absences were due to accidents affecting the hands of employees.

### LOST WORKDAYS RATE

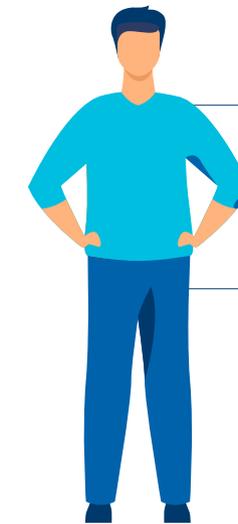
	2019	2020	2021
Employees <sup>1</sup>	40.18	25	18.25

### LOSS TIME INCIDENT FREQUENCY RATE (LTIFR)

	2018	2019	2020	2021
Employees	6.61	2.11	2.56	2.38
Third parties <sup>2</sup>	–	–	–	2.83

### MOST AFFECTED PART (ACA)

Accident with Leave of Absence  
Period of 2021



Head **01**  
Face **02**

Arms **03**  
Hands **20**  
Torso **01**

Leg **11**  
Feet **07**

**TOTAL 45**

### WORK-RELATED INJURIES

	Employees		Outsourced	
	Number	Rate <sup>3</sup>	Number	Rate
Deaths resulting from work-related injuries	0	0	0	0
Accidents with serious work-related consequences	45	2.38	8	2.83
Accidents with mandatory reporting related to work recorded	45	2.38	8	2.83

<sup>1</sup> 100% coverage of employees. To calculate lost workdays, we carry out monitoring by opening a CAT, when necessary, including control of absence days and the total number of workdays.

<sup>2</sup> Monitoring started in 2021. Coverage of 100% of third parties and considering 2,827,531 hours worked.

<sup>3</sup> Calculation from the total of 18,901,878.33 hours worked in the year, in relation to a base of 1,000,000 hours.

# HOJE É DIA DE FEIRA PROJECT

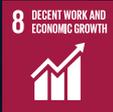
GRI 203-2

Aiming to encourage organic and family farming and, consequently, healthy habits to our employees, we carry out the project named Hoje é Dia de Feira every Thursday at the Anápolis operation.

With the initiative, our employees also promote the local economy by purchasing products from small producers, in addition to encouraging SDGs 3, 8, 11 and 17.



SDG supported:

-  3 GOOD HEALTH AND WELL-BEING
-  8 DECENT WORK AND ECONOMIC GROWTH
-  11 SUSTAINABLE CITIES AND COMMUNITIES
-  17 PARTNERSHIPS FOR THE GOALS



## OPINA MAIS (GIVE MORE OPINIONS)

Through our internal climate survey carried out every two years, we assess employee engagement and propose improvement solutions. Below are the results for 2021:

# 79.7%

of satisfaction<sup>1</sup>,  
as follows:

### SATISFACTION BY GENDER

	2019	2021
Men	74%	80%
Women	70%	79%
Non-binary	-	81%
Other (gender fluid, variable between female and male spectrums)	-	85%
Not identified	-	82%

### SATISFACTION BY JOB TYPE

Manager-Presidency/Board	68%
Manager-Middle Management	76%
Manager-Supervision or operational management	80%
Employee	80%

### SATISFACTION BY AGE GROUP

	2019	2021
25 years or less	68%	79%
Between 26 years and 34 years	70%	77%
Between 35 years and 44 years	76%	82%
Between 45 years and 54 years	78%	85%
55 years or older	73%	84%

### SATISFACTION BY COLOR OR ETHNICITY

	2019	2021
Asian	68%	79%
White	73%	77%
Indigenous	75%	85%
Brown	73%	82%
Black	69%	81%
I don't wish to declare it	62%	84%
Not identified	71%	78%

### SATISFACTION BY SCHOOLING

	2019	2021
Completed high school or less	70%	82%
Incomplete higher education or in progress	75%	82%
Complete higher education	73%	79%
Postgraduate degree incomplete or in progress	74%	79%
Complete postgraduate	70%	77%
Unidentified	72%	75%

<sup>1</sup> Coverage of 65% of total members.



5

# Focus on Social Development

# Caring for people

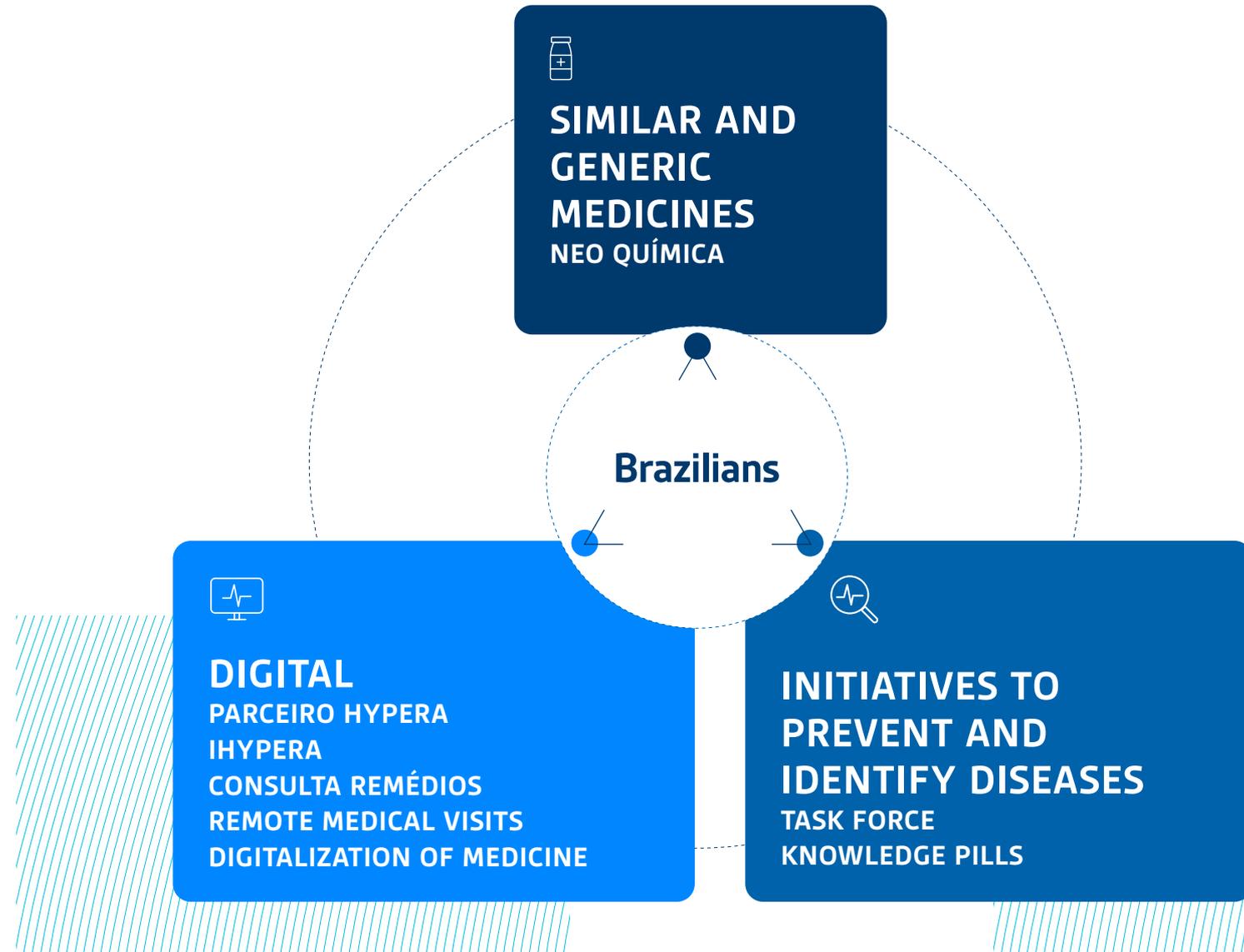
## Access to healthcare

GRI 2-6 - 3-3

Following the mission of promoting access to healthcare for all, we offer (i) generic and similar medicines with our Neo Química brand at affordable and fair prices; (ii) a digital strategy to expand our reach out to our customers, physicians, and patients; and (iii) the promotion of a series of initiatives to prevent and identify diseases that impact the Brazilian population. Moreover, the Group recently announced its entry into the hospital market, with the aim of promoting greater access to healthcare in hospitals, clinics and surgical centers across Brazil.

The Group also commits not to protect through patents, technologies related to products for diseases within the scope of ATMI 2021, in countries classified as Least Developed Countries (LDCs, as defined by the United Nations), Low-Income Countries (LICs, as defined by the World Bank), and Lower Middle-Income Countries (LLBCs, as defined by the World Bank).

### Strategy to improve health access:



## GENERICS AND SIMILARS

Over more than 60 years of history, Neo Química has consolidated itself as one of the main medicine brands in the Brazilian pharmaceutical sector, with a portfolio of more than 400 products, including generics and similar products, available at fair prices, to guarantee the right to healthcare of all Brazilians.

The Group is leader in the Generics and Similar market in which it operates, according to IQVIA, whose information also indicates that the Neo Química brand reaches 96% of sales points in the Brazilian pharmaceutical market

## DIGITAL

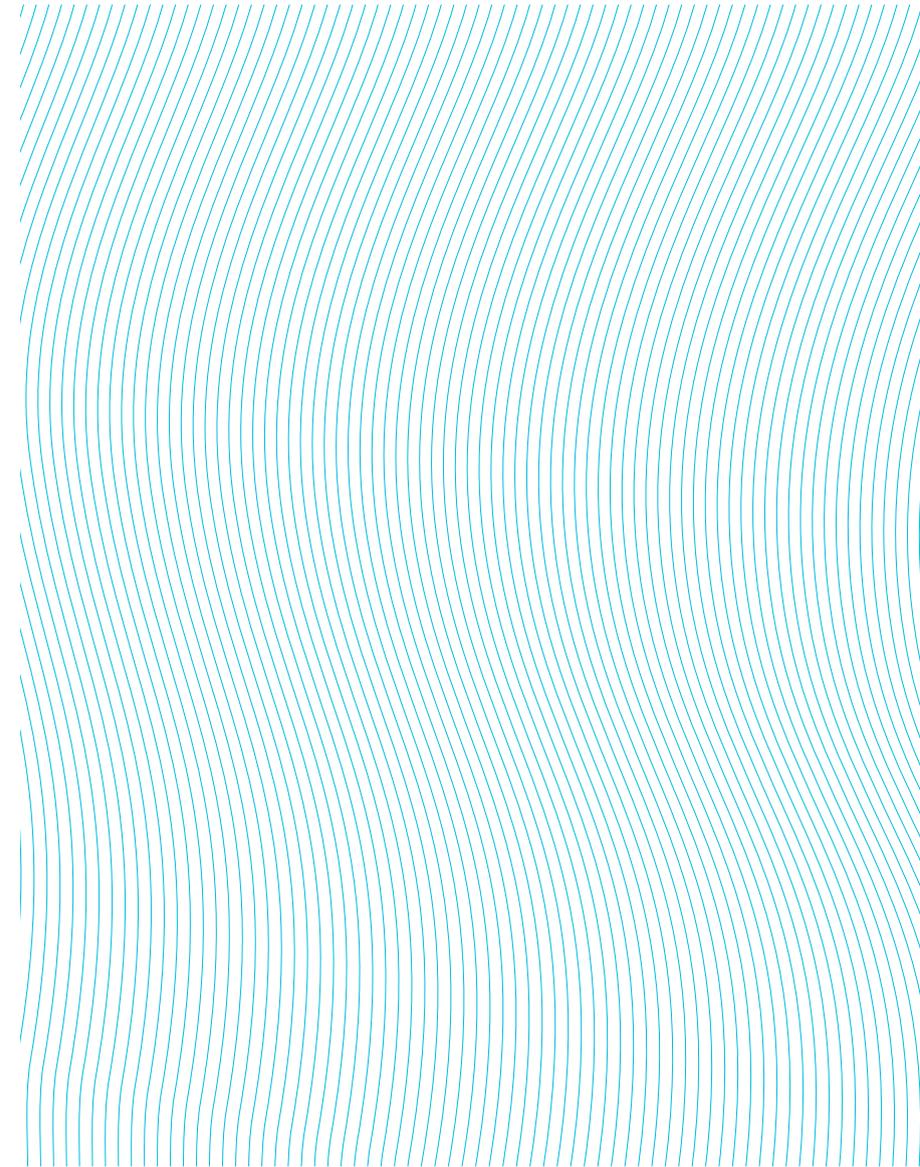
The results seen in the previous year, based on the new consumption habits identified during the COVID-19 pandemic, increased the Group's investments in digital development during 2021 – which had a robust strategy composed of five main pillars, described below:

### Parceiro Hypera

Launched in 2021, it is our omnichannel B2B platform that allows all customers and points of sale in the pharmaceutical market to have access to the innovations and special conditions of the Hypera Pharma Group's product portfolio. The Company sold around BRL 100 million to more than 12 thousand pharmacies through the Hypera Partners in 2021 and has the goal of exceeding BRL 300 million in sales through the platform in 2022.

### E-commerce (iHypera)

Launched in 2020, our e-commerce platform, **iHypera**, was expanded in 2021, allowing us to get even closer to our customers and end consumers. This year, we created monthly and quarterly subscription plans that allow for product discounts, free shipping, and the ability to cancel one's subscription at any time, contributing to the fact that we ended the year with more than 45,000 orders and a growth in revenues that surpassed 300%.



### Consulta Remédios

In April 2021, we announced the second investment by Hypera Ventures, relating to the acquisition of a minority interest in Consulta Remédios of 22.5% of the capital stock in Consulta Remédios, and this minority stake may be increased in the future.

Consulta Remédios is the largest platform for accessing and consulting medication information in Brazil and the world's 5th largest pharmaceutical portal in terms of number of visitors. With presence in all regions of the country, Consulta Remédios works in partnership with large and medium-sized pharmaceutical retail chains and today has approximately 1 million unique visitors daily. With the platform, we have narrowed the distance between the Hypera Pharma Group and final customers and started to better understand the medicine consumption habits of the Brazilian population.

### Remote medical visits

In 2020, we stepped up investments in technology to drive growth in remote physician visitation by our physician representatives, allowing us to expand the panel of physicians visited so that more and more of the medical community would have access to information about our product launches. By the end of 2021, the Company was conducting approximately between 5% and 10% of total visits remotely.

### Medicine digitalization (Nexodata)

Another relevant initiative within the digital context was the investment in Nexodata. This platform allows us access to exclusive and primary prescription data, in addition to unique conditions in the marketplace currently being built. Furthermore, with these investments we will absorb knowledge on how to connect Electronic Product and Medicine Prescription to other platforms, such as Consulta Remédios and iHypera.

## INITIATIVES TO PREVENT AND IDENTIFY DISEASES

### Task force

We carried out the Neo Química Health Task Force, which offered medical care to about 600 residents of the East Zone of São Paulo, at the Neo Química Arena. We believe that caring for others makes a difference in building a better world. Another initiative of the Group, through Mantecorp Farmasa

and Mantecorp Skincare, was the sponsorship of the Instituto Horas da Vida project, which structures a volunteer network with physicians, focusing on low-complexity treatments.

### Knowledge pills

Another example of ensuring access to healthcare is the actions aimed at disseminating knowledge of diseases and preventive ways that affect the Brazilian population. In 2021, we focused on actions to combat Diabetes 2, affecting approximately 90% of the Brazilian population, and held preventive classes for seasonal flu and blood donation campaigns.



Learn more about actions to combat Diabetes 2 at: <https://bit.ly/3uy2XME>

## Social Development

GRI 3-3

## ECONOMIC VALUE GENERATION

GRI 2-1 · 201-1

### HIGHLIGHTS OF 2021 (BRL million)

	2020	2021	Var.
Gross revenue	4,666.50	6,798.30	45.7%
Net Revenue	4,088.90	5,937.40	45.2%
Gross profit	2,629.30	3,802.90	44.6%
Sales, General and Admin. (former Marketing and R&D)	-625.30	-735.10	17.6%
Marketing	-787.00	-1,032.70	31.2%
EBITDA from Continuing Operations	1,440.40	2,101.70	45.9%
Net Income from Continuing Operations	1,321.60	1,617.70	22.4%
Net profit	1,295.10	1,330.30	2.7%

Our distribution of value added was BRL 2,787,937,000 in the form of compensation, benefits, taxes, interest.



## PRIVATE SOCIAL INVESTMENT

GRI 201-1 · 203-1 · 413-1 · SASB HC-BP-240a.1

The Group's social investment is guided by the priority SDGs identified in the materiality study. In addition to having a strategy for the topic connected to the business, we have been able to measure our progress to promote health and well-being (SDG 3); protect the environment (SDG 6); and promote inclusive and sustainable industrialization (SDG 9). In 2022, we plan to create a Policy that covers private social investment, in order to ensure that our guidelines have an official status.

This year, we invested a total of BRL 2,628,978.12, divided between charitable donations (BRL 313,448.86 – 12%), investments in the community (BRL 1,880,000.00 – 71.5%), and investments in commercial initiatives (BRL 435,529.26 – 16.5%).

Moreover, we have eight social & environmental programs, divided into projects carried out in five of the six operations of the Hypera Pharma Group. This year's highlights are described as follows:





### SCHOOL GARDEN

The project distributes food kits to students from the Municipal Education Network of Goiânia and disseminates content on food education to assist in citizen training linked to a broad and conscious environmental education.

With the return to face-to-face activities, after the adaptation of the project due to the pandemic, we implemented 74 vegetable garden workshops with the planting of more than 34 thousand seedlings.

**281 educational institutions impacted**

SDG supported:



### IPIRANGA PARK

In 2021, we invested BRL 247,701.96 in the maintenance of the Ipiranga Environmental Park.

**+ 380,000 people impacted**

SDG supported:



### NEOQUÍMICA

GRI 203-2 · SASB HC-BP-240a.1

Since 2020, we own the naming rights for Arena Corinthians, in São Paulo (SP). In addition to helping with our digital strategy (learn more on page 56), the space encourages health and well-being actions for the

local population. Through the **1st Neo Química Arena Health Task Force**, we impacted more than 600 families – measuring diabetes and hypertension, and nutritional assessments – and totaling 80 hours of volunteering.



Our accelerator focused on social innovation for healthcare in Brazil, Neo Acelera had its third edition in 2021.

SDG supported:



### VITASAY

In partnership with Yunus Negócios Sociais, we launched, in 2021, the accelerator Vitasay Start 5.0+, the first acceleration program aimed at businesses managed by people over 50 years of age, focused on social innovation and with the potential to transform the reality of many Brazilians.

Among the 221 registered startups, **Bioneye** was chosen, for creating a low-cost equipment capable of performing laboratory tests through computer vision and artificial intelligence.

SDG supported:



### VOLUNTEERING

The Company has a corporate volunteer program, called *Receita do Bem*, which promotes initiatives related to health issues. In 2021, more than 45 actions were carried out, engaging around 600 employees. With the pandemic and the beginning of social distancing, the program adapted to the virtual format, promoting storytelling in hospitals with play tutorials.

children, adolescents and the elderly. In addition, 225 kits were delivered to the Cruz Azul Hospital, Children's Institute at Hospital das Clínicas-SP and the *Amigos das Crianças* Project, encouraging children to create games and crafts based on these stories. In 2021, the program accumulated around 476 hours of volunteering.

In all, 31 virtual visits were carried out, benefiting more than 370 people, including

SDG supported:



# Fight against COVID-19

SASB HC-BP-240a.1

This year, we made the following donations:



**23**  
temporary  
ICU beds  
for the city  
of Anápolis.



**BRL  
30,000**  
for the maintenance  
of the Santa Casa de  
Anápolis.



**20**  
tons  
of food collected  
at Arraiana Live.



**20**  
tons  
of food for Central  
Única das Favelas  
(CUFA) (GO)  
and Natal Sem  
Fome (SP).



**11**  
thousand  
plates of food for  
Christmas without  
Hunger Initiative.

SDG supported



Discover the actions to combat the pandemic carried out in 2020 in our Annual Report:

<https://bit.ly/3N9xW9y>

## MANAGEMENT OF HUMAN RIGHTS IMPACTS

GRI 2-23 · 2-25 · 3-3 · 412-1 · 412-2 · 412-3

We act in accordance with the guidelines of the Code of Ethical Conduct – which will be updated in 2022 to detail conduct on the subject. In 2021, 100% of our operations were guided by our Code of Ethical Conduct, which incorporate aspects of Human Rights.

In total, we carried out 9,509 hours of training on policies and procedures for Human Rights, reaching 54% of the trained team.

As a result of the actions, no cases of violation were identified in 2021, through our reporting channel.





## Responsible Operation

GRI 2-25

With a view to reducing the social & environmental impacts of the operation, we maintain the Hypera Pharma Group's plants in controlled and industrial locations. Some of the main risks monitored include the handling of products and generation of hazardous waste; water consumption and effluent generation; and Greenhouse Gas (GHG) emission.

### Product Safety and Quality

GRI 2-25 · 3-3 · 416-1 · 416-2 · SASB HC-BP-210a.1 · HC-BP-250a.5

The Hypera Pharma Group aims to follow the best manufacturing practices to ensure customer safety in accordance with the premises of the National Health Surveillance Agency (ANVISA) and the Health Surveillance Agency (VISA) for each category in the portfolio.

In 2021, Brainfarma received two investigative inspections from the abovementioned agencies, which had no consequences for the Company's business.

To ensure the quality and safety of patients during clinical studies, the sponsor has standard operating procedures,

which are subsequently submitted for ethical and sanitary approval by ANVISA. The Company also has Research Ethics Committees (CEP), featuring the participation of several stakeholders, which submit the research protocols for approval by the National Research Ethics Committee (CONEP) and, subsequently, ensure the monitoring of the studies.

Post-sales monitoring is the responsibility of the Pharmacovigilance area, through assistance via the Customer Service Channel (SAC), chat, and email.

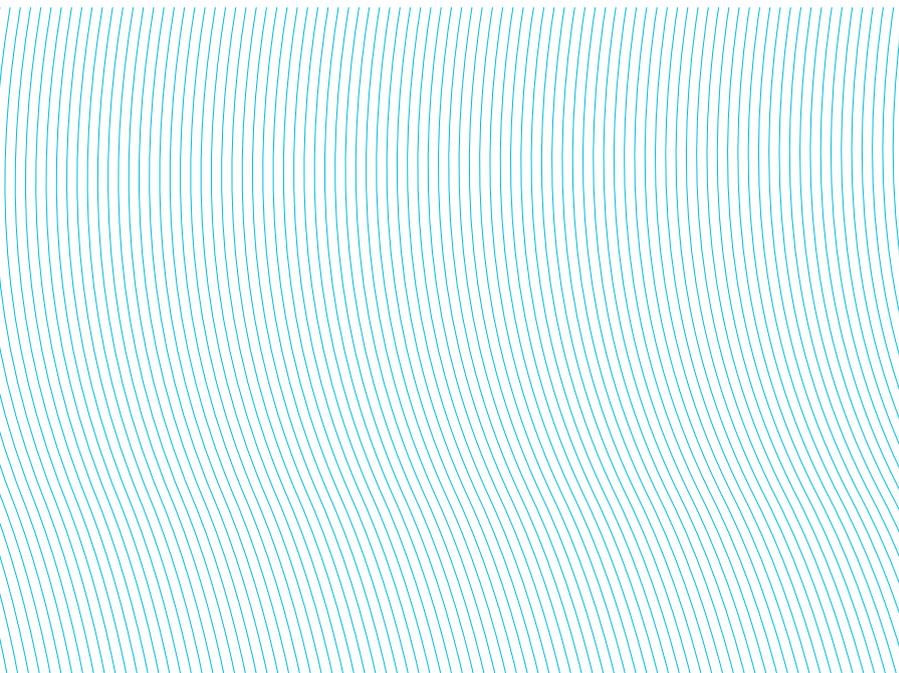
In this way, we guarantee that 100% of the products of the Hypera Pharma Group have been evaluated for impacts on the health and safety of customers, observing the standards set out by ANVISA. At the end of the year, we were notified of six cases of non-compliance related to the topic, which were duly resolved during the agency's inspection, not resulting in fines or penalties.

Additionally, it should be noted that the Hypera Pharma group does not carry out tests on animals, and that Simple Organic, a company acquired by the Group, has the "Cruelty Free" seal.

## LABELING

GRI 417-1

In observance with the standards determined by ANVISA, 100% of our products undergo labeling procedures that detail the origin of their components and their safe use. Aiming at greater transparency for customers, we provide package inserts with the composition of the products here: <https://bit.ly/39cQmag>



## COMBATING COUNTERFEITING

SASB HC-BP-260a.1 · HC-BP-260a.2 · HC-BP-260a.3

All our products receive a manufacturing batch number that is printed on the product and included in the barcode of their shipping packages, in order to facilitate control in logistics processes. The accounting inventory of the products is recorded in the Management System (ERP) and segmented by manufacturing batch.

All inventory movements, from manufacturing to invoicing to end customers, are recorded in the ERP at the manufacturing batch level and monitoring can be performed by the customers themselves, directly on the invoices issued.

In order to alert customers and partners of possible risks, we have structured processes to communicate quality recalls and deviations. As a result of internal procedures, we did not find any cases of counterfeiting of our products in 2021.

## MARKETING AND INFORMATION SECURITY

GRI 3-3 · 417-3 · 418-1

### RESPONSIBLE COMMUNICATION

We are acknowledged for our competence in maintaining a close relationship with customers and consumers, based on open and responsible dialogue.

This year, we had a case of non-compliance verified by the National Advertising Self-Regulation Council (CONAR), which resulted in the update of the advertisement in question and the following ones, without fines or penalties.

In this sense, we reaffirm our commitment to making changes to continue offering responsible communication that is approved by the relevant agencies.

## DATA PRIVACY GUARANTEE

We have a Data Privacy Committee, composed of representatives from different areas of the Group, including a Data Officer, appointed by the Group.

The actions are in line with the General Data Protection Act (LGPD) and our Corporate Information Security Policy, available internally to all employees.

We also have an Information Technology Board, responsible for defining our cybersecurity strategy. Tiago Henrique Feltrin, the company's IT and Digital Officer, reports directly to Rafael Vito Batista, Statutory Officer responsible for Technology, Supplies and Communication and a member of the Audit Committee.

The director works alongside an executive manager of IT Operations and an Information Security Manager, ensuring that the strategic planning of Information Security is fulfilled.

We have a Corporate Information Security Policy, available internally, whose purpose is to define the principles, concepts and guidelines of the subject, aiming to protect the information used by all our employees and service providers. Additionally, we have mandatory annual training, which provides for the employee's duty to immediately inform the IT Governance Management of any suspected or known security breaches/incidents.

By the end of the year, we had no substantiated complaints regarding customer privacy breaches, and there were no cases of loss or leakage of the Group's data.

## RECALLS

SASB HC-BP-250a.3

In 2021, we carried out recalls of two products:

- Benegrip: 6,061 units due to regulatory issues, with no risk to consumers and no need for corrective measures. The operation had a cost of BRL 3,334.59;
- Ciprofibrate: 177 units due to suspected blisters with aluminum in different concentrations. The operation cost BRL 94.23 and represented low risk to consumers. As a corrective measure, we implemented a second check-in, as well as updated training and modernization of facilities to increase monitoring during the process.

## Our Suppliers

### SUPPLY CHAIN

GRI 2-6 · 2-23 · 3-3

The Group ended the year with 481 direct suppliers (BRL 2 billion paid) and 3,854 indirect suppliers (BRL 1.7 billion paid), 3,600 of which are located in Brazil. Geographically, 80% of purchases were made in Latin America, 10% Asia, 8% Europe, and 2% North America.

In order to keep the Group in line with ANVISA Resolution No. 348, we rely on alternative suppliers in the operation for the most important raw material, allowing for non-interrupted of production throughout the year.

Furthermore, we have extended the monitoring of our Ethical Conduct for the fight against corruption to the chain. Among the actions, we carry out Due Diligence and training on the subject and do not condone non-compliance with the guidelines of the Code of Ethical Conduct and the Anti-Corruption Policy.

### EVALUATION METHODOLOGY

GRI 205-2

We have an evaluation methodology based on Environmental, Social and Governance (ESG) aspects, distributing the categories into four quadrants: **Transactional**, **Leverageable**, **Strategic**, and **Bottlenecks**.

Thus, we analyze economic, political, environmental, social, legal, and information security risks that may affect suppliers and, consequently, the sustainability of our business, considering those located in the Strategic and Bottlenecks quadrants as critical.

For supplies, suppliers with supply or provision complexity are considered critical. Based on this perspective, we evaluated 376 partners and communicated with 100% of them on anti-corruption procedures. Regarding the criticality for Risk Management & Compliance, we consider partners that relate to the government and recipients of donations. Among this audience, 135 underwent due diligence and 62 considered highly critical were communicated on the topic, which represents 100% of the total.

To maintain the quality of the process, we carry out meetings, risk assessment reports from the main suppliers and on-site audits to corroborate the data pointed out in the assessment.

The results can lead to projects to include a second source of supply, or even disqualification of the supplier, in case of non-compliance with the Company's guidelines.

Among the main KPIs analyzed, we highlight Internal Inflation (6.3% target), Payment Term and Spend by Suppliers, the last two being monitored only, without the existence of a target.

In partnership with the supplier management consulting firm Beroe, since 2020, we have been developing a pilot project to enhance our management of the topic. This year, we had 25 participants and, after alignments, we intend to expand the number of partners in the next cycle, aiming at greater robustness of the program.



## SOCIAL AND ENVIRONMENTAL MANAGEMENT OF THE SUPPLY CHAIN

GRI 3-3 · 308-1 · 308-2 · 414-2

We require suppliers to comply with legal licenses, health and environmental permits, certificates to guarantee animal protection (Good Manufacturing Practices (GMP), Biodiversity Origin, Leaping Bunny, Cruelty Free, Vegan Origin), and the filling of a questionnaire assessment in relation to environmental impacts.

In 2021, 198 suppliers were evaluated in the most diverse environmental and social criteria.

No cases of human rights violations were identified in the operation or in the chain in 2021 through our reporting channel.



6

# Responsible Evolution

## Efficient environmental management

GRI 2-23

As signatories of the United Nations (UN) Global Compact, we intend to continue evolving to make our management increasingly efficient, as mentioned in our Progress and Commitments, on page 23.

We are aware of the main environmental impacts of our operation and are committed to their mitigation. We dedicate special attention to topics such as reducing the service life of sanitary landfills, greenhouse gas (GHG) emissions in the transport of waste, breeding of pests, and alteration of soil or water quality in cases of incorrect disposal, among others.

As a result, in 2021, we had no cases of environmental fines in the operation.



## Efficiency

In 2021, Brainfarma launched the Efficiency Committee (COMEF) at the Goiás plant to reduce the environmental impacts of the operation.

Created to encourage our employees to engage in the matter, the **Sustainable Initiatives** Program recognizes the areas that develop projects focused on reducing the environmental impact of our operation.

Our industrial park has renovated machinery and resource management projects, such as the Water Reuse Project in Anápolis, GO and the new power substation, both completed in 2021.

In terms of inorganic growth, we seek to acquire companies that are also committed to efficient environmental management. Learn more about the brands recently acquired through Hypera Ventures on page 17.

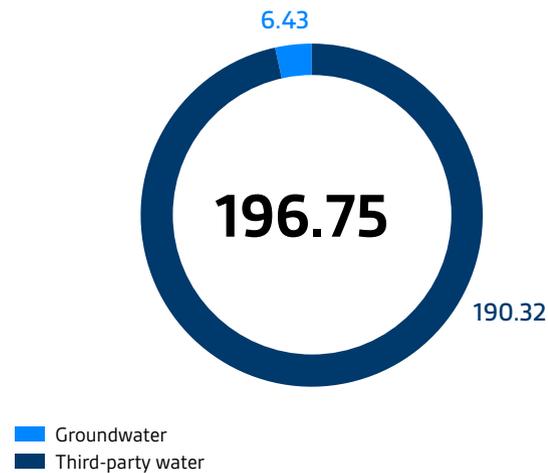
## Water and Effluents

GRI 3-3 · 201-2 · 203-2 · 303-1 · 303-2 · 303-3 · 303-4 · 303-5 · 413-2

### WATER WITHDRAWAL BY SOURCE (MEGALITERS)

	2018	2019	2020	2021
Municipal supply	307.35	306.19	401.57	399.85
Surface fresh water	0.00	0.00	0.00	0.00
Underground fresh water	48.42	47.83	61.72	98.53
Water produced <sup>1</sup>	-	-	-	37.11

### Water discharged by source (megaliters)<sup>2</sup>



### Water consumption



**301.64**  
megaliters

- used for the manufacture of products, cleaning and sanitization processes, laboratories, human consumption and industrial processes.

<sup>1</sup> From the reuse of industrial effluents.

<sup>2</sup> In Anápolis, CODEGO leads to the Extrema stream. In Goiânia, SANEAGO directs to Rio Meia Ponte. At Hynova, SABESP leads to the Tietê River. As for the effluents from the laboratories, the disposal takes place at the Jundiá ETE, following to the Jundiá River.

Note 1: We do not capture, dispose of or consume water in places of water stress. We consider "water-stressed areas" to be places that may experience water shortages. We used water consumption and purchase bills to compile the water stress information.

Note 2: Contagem and Cajamar units are located in condominiums, and we do not have consumption and disposal monitoring data.

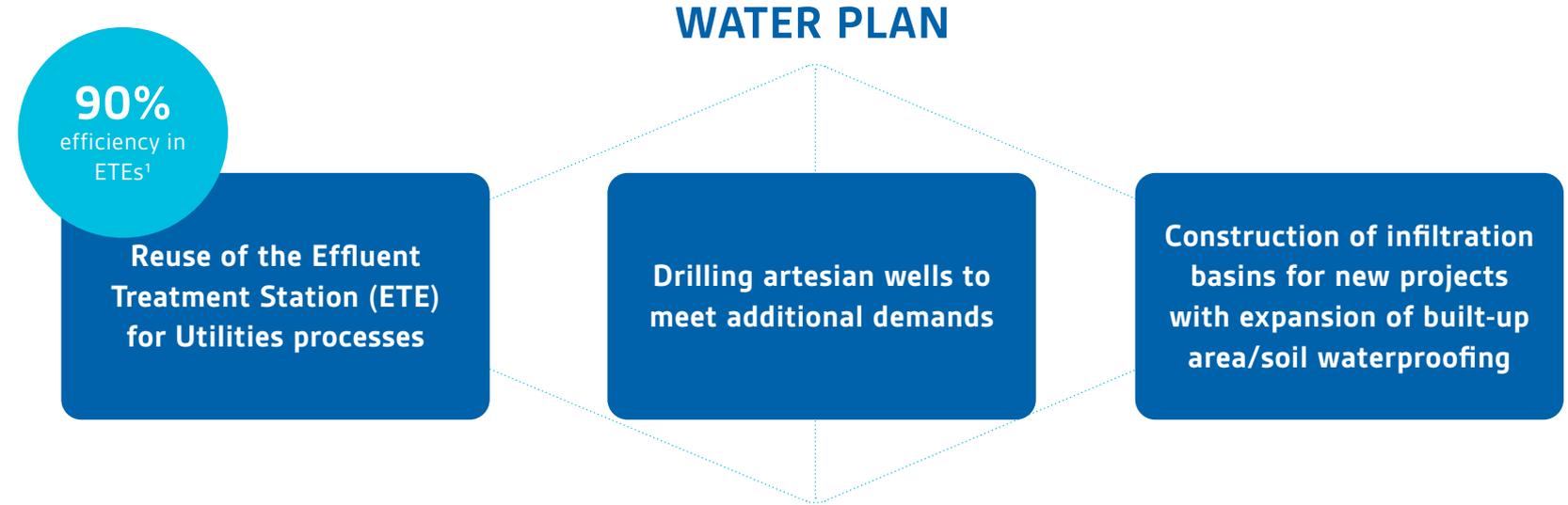
The Rational Water Use Program (PURA) aims to define and manage the initiatives to be taken by the Group to increase water security, in addition to working to raise the awareness of our employees and the community regarding the responsible use of water.

Divided into four initiatives – expansion of storage, reuse of effluent from the Wastewater Treatment Plant (WTP) for cooling, reuse of water and wells, PURA – received approximately BRL 13 million in investments, BRL 7,5 only in 2021.

The Hypera Pharma Group's Water Plan, in turn, presents guidelines with the aim of increasing reuse and storage capacity in the manufacturing plants, mitigating the risks related to water supply, and reducing consumption in relation to the units produced.

In 2021, we started the operation of the Plan through the reuse of effluent water for noble purposes such as Cooling Towers. **The innovative project received the Seriema Trophy, promoted by the Regional Council of Engineering and Agronomy of Goiás (CREA-GO).**

In Anápolis, we also participated in the Working Group to face water scarcity in the Caldas River Basin.



**NO PRODUCTION STOPPAGES DUE TO WATER SHORTAGES IN 2021.**

**DISPOSAL**

We are committed to the adequate treatment of all the water used in our operation, given that the disposal is carried out indirectly into the public network – in accordance with the legislation applicable to each municipality in which we have operations.

<sup>1</sup> CONAMA 430 determines a minimum efficiency of 60%;

In the locations where we have WTPs – Anápolis and Goiânia – we also carry out specific effluent treatments and pay special attention to antibiotics, inactivating them before disposing them into the environment.

We have a methodology for internal monitoring in our own laboratory, in addition to carrying out laboratory assessments with a third party laboratory to ensure the safety of the operation.

## Materials and Waste

GRI 3-3 · 301-1 · 301-3 · 306-1 · 306-2 · 306-3 · 306-4 · 306-5 · SASB HC-BP-250a.4

The Group identified as the main impacts caused by waste generation from industrial production processes and their support activities the reduction of the service life of sanitary landfills, GHG emission in transport, breeding of pests, and alteration of the quality of the soil and/or water in incorrect disposal cases.

In 2021, we implemented processes for the reuse of raw materials and recycling of recyclable materials that positively impact the chain, ensuring the return of these wastes to the industrial cycle.

In order to expand the culture of reducing waste generated in the operation, we engage all areas and send, alongside the Environmental Index for each area,

comprising environmental indicators for monitoring the sectors that generate waste.

Within the Group's industrial parks, we have Solid Waste Management Plans, which guarantee collection, separation, handling, control, weighing and packaging by the sustainability area. Final disposal and treatment are carried out by a third-party company, qualified to guarantee the use of techniques duly approved in the contractual and legal criteria.

Thus, waste is referred to a specific destination according to its physical and chemical characteristics, while hazardous waste is managed through the issuance of Waste Transport Manifests (MTR).

**REDUCTION TARGET** Reduction of 5% in the production waste generation index in grams/unit produced compared to the year 2021 (1.35g/unit) = **1.28 g/unit produced**



#### NON-RENEWABLE MATERIALS USED

	2021
Sorbitol (Kg)	1,693,201.89
Ramapet PET Resin (Kg)	537,191.86
Sodium Cyclamate (Kg)	532,934.76
Sodium Saccharin (Kg)	497,370.24
Polyethylene Petrolatum (L)	420,771.28
Ethyl Alcohol 99 GL Absolute Anhydrous (L)	377,185.44
Microcrystalline Cellulose (Kg)	289,988.92
Lactose Super Tab Flowlac (L)	295,022.10
Ethyl Alcohol 96 GL (L)	285,443.46

#### NON-HAZARDOUS WASTE GENERATED (ton.)

	2021
Recyclable Waste	4,983.28
Civil construction debris	482.47
Residues from industrial production processes in collective, sanitary, cafeteria, support areas	480.97
Organic waste	363.57

#### Common Waste (t)

	2018		2019		2020		2021	
	Volume	%	Volume	%	Volume	%	Volume	%
(a) Waste generated	3,942.80	100.00%	4,384.40	100.00%	5,091.36	100.00%	11,410.56	100.00%
(b) Waste recycled / reused / sold	3,274.67	83.10%	3,378.24	77.10%	4,281.14	83.20%	10,446.03	91.55%
Total waste (a-b)	668.13	16.90%	1,006.16	22.90%	810.22	16.80%	964.53	8.45%

#### RENEWABLE MATERIALS USED (packaging)<sup>1</sup>

	2021
Paper (units) (bills, cartons, labels and tags)	1,536,401,958
Plastics (units) (cannulas, valve caps, vials, dispensers, drip bottles, syringes)	619,559,340
Glass and ampoules (units)	16,673,885
Aluminum (units) (aerosol tubes)	8,066,994
Plastics (KG) (PVC, PVDC films. Aclar)	1,345,095.83
Aluminum (KG)	465,653

#### HAZARDOUS WASTE GENERATED (ton.)

	2021
Waste from pharmaceuticals, raw materials, contaminated materials, chemical products and reagents, oils, paints, solvents and other contaminated waste.	2,344.69
Residues from aerosol and flammable products	11.33
Cleaning residues from the sandboxes, water and oil separators of the ETE and utility areas	906.95
Fluorescent and mercury vapor lamps	1.38

#### WASTE DESTINATION (ton.)

	2021
Incinerated hazardous waste (co-processing with energy recovery)	2,286.69
Incinerated hazardous waste (no energy recovery)	57.58
Recovered/reused raw materials	72.74
Hazardous waste destined for other disposal operations	919.67
Non-hazardous waste destined for landfills	963.44
Non-hazardous waste destined for recycling	5,056.02
Non-hazardous waste destined for other disposal options (reuse, sold, donated)	5,471.85

<sup>1</sup>All materials were purchased from external suppliers.

## REVERSE LOGISTICS PROGRAM

In 2021, we invested BRL 409,066.37 in our Reverse Logistics Program, ensuring compliance with the reverse logistics agreements to which we are a party. To compensate for our generated waste, we referred to recycling the equivalent of 22% of the entire volume of dermocosmetics and food packaging materials produced by the Group during the year.

Pursuant to Decree No. 10,388, we expanded the program to address medicine waste in reverse logistics.

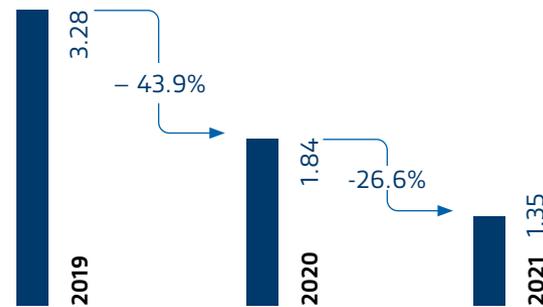
For our employees, we provide the Conscious Disposal program, through which we guarantee the proper disposal of their medicines.

## WASTE COMPOSTING

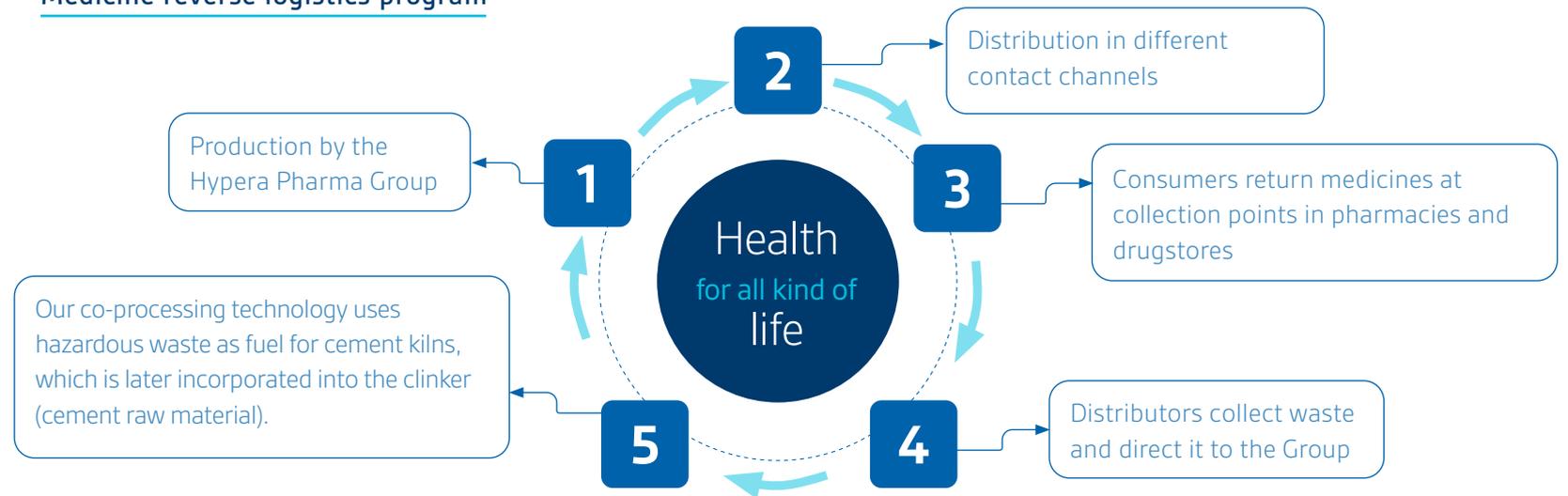
In view of the impact of organic waste on the environment and in order to reduce the amount of waste referred to landfills, as from 2020, we will begin to dispose of organic surplus from the Group's dining halls and sludge from Wastewater Treatment Plants (WTP) to composting processes.

Additionally, we encourage outsourced workers to reuse waste from isothermal panels made of mixed and plywood materials (wood for furniture in general), thereby avoiding their disposal in landfills.

## Waste generation index in productive areas<sup>1,2</sup> (gram/produced unit)



## Medicine reverse logistics program



<sup>1</sup> Coverage of home medicines for human use, expired or out of use, and their packaging (MDVD).

<sup>2</sup> In 2020, we considered all types of waste in accounting for the waste generation index and, for 2021, there was a change in methodology, considering only productive waste (waste generated by production) in accounting for the waste generation index.

**LEARN MORE**

Find out more information about the Program and the collection points at:

**Access:**  
<https://www.logmed.org.br/>

## Energy

GRI 3-3 · 302-1 · 302-3 · 302-4 · 302-5

ENERGY CONSUMPTION									
Type		2018		2019		2020		2021	
		MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ
Purchased and consumed non-renewable fuels	LPG	59.11	212.8	65.39	235.4	69.62	250.63	11.39	41.02
	Diesel oil	22,558.78	81,211.60	22,853.84	82,273.81	35,140.98	126,507.55	879.53	3,166.32
Steam/heating/cooling and other (non-renewable) purchased energy	BPF oil	37,819.77	136,151.18	43,649.57	157,138.45	47,768.69	171,967.27	1,244.75	4,481.08
Total renewable energy (wind, solar, biomass, hydro, geothermal, etc.) acquired or generated	Hydroelectric	66,576.09	239,673.92	60,105.63	216,380.27	62,421.91	224,718.88	68,549.93	246,779.75
<b>Cost (BRL)</b>		BRL 53,606,777.00		BRL 30,283,542.00		BRL 47,909,162.00		BRL 40,885,751.23	

REFRIGERANT GAS CONSUMPTION (tons)				
	2018	2019	2020	2021
Refrigerant gases (CO <sub>2</sub> /R-407C/R-410A/HFC-134)	1.12	2.95	0.97	0.85
R-22	0.93	0.91	0.47	0.37

### PURCHASED HYDROELECTRIC RENEWABLE ENERGY (GJ)

2018	239,673.99
2019	216,380.27
2020	224,718.88
2021	246,779.75

### ENERGY INTENSITY (GJ/unit produced)<sup>1</sup>

2018	3.393 x 10 <sup>-4</sup>
2019	3.461 x 10 <sup>-4</sup>
2020	3.000 x 10 <sup>-4</sup>
2021	2.387 x 10 <sup>-4</sup>

### CONSUMPTION OF RENEWABLE FUELS (MWh)

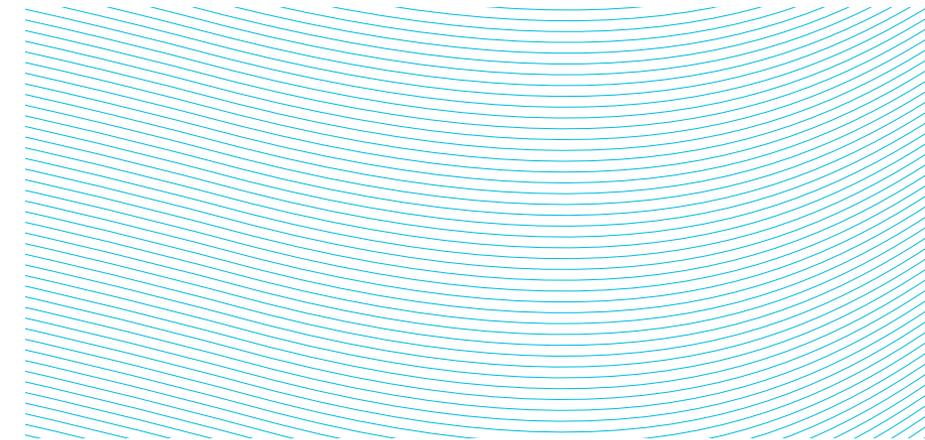
Energy consumption Enel Anápolis	54,980.25
Energy consumption Enel Goiânia	9,501.25
Energy consumption Enel Barueri	3,291.16
Energy consumption other units	777.27
<b>Total</b>	<b>68,549.93</b>

<sup>1</sup> Transformation: 1kWh equals 0.0036 GJ.

## NEW POWER SUBSTATION

GRI 201-2

The installation of the Brainfarma power substation is an important milestone for the Group, since it will allow greater energy stability at the manufacturing plants, in addition to reducing GHG emissions from the Anápolis site, as we will receive energy directly from high voltage, thereby eliminating the use of generators that consume and burn fossil fuels. The substation is expected to start operating in the second half of 2022.



# Commitment to change

## Combating Climate Change

GRI 3-3 · 302-4 · 302-5

Climate change poses a major threat to people's well-being and health, making them a major concern for the Group. Furthermore, we depend on several natural resources that may be affected by the worsening of this problem, especially water.

With this in mind, we have created the Permanent Water Resources Management Committee and have implemented a **Climate Agenda**, which operates in the main areas of the Group.

The Agenda evaluated our 2021 emissions cycle (published in accordance with the GHG Protocol guidelines) and global trends, such as carbon pricing and the relationship between climate change and Brazilian biodiversity, in addition to identifying risks and opportunities to propose Guidelines for management of the topic.

Finally, we are evaluating the possibility of integrating the new international climate risk management and reporting guideline – the Task Force on Climate-Related Financial Disclosures (TCFD – as a way of expanding our operational responsibility.



In recognition of the transparency on our information about Greenhouse Gas (GHG) emissions, we are listed in ICO2 portfolio of the Brazilian Stock Exchange (B3).



## IDENTIFICATION OF RISKS AND OPPORTUNITIES

GRI 2-16 · 201-2

We analyze the risks related to climate change in order to identify the point of greatest attention for our risk management strategy (learn more on page 37).

The manufacturing process was the one most likely to be harmed, with the main identified risks being economic and environmental, as well as risks related to energy crises – cited as emerging economic/technological.

### ANALYSIS OF CLIMATE SCENARIOS

The Group carried out a study of risks and opportunities arising from climate change. The study was based on the 6th IPCC (Intergovernmental Panel on Climate Change) Climate Change Report.

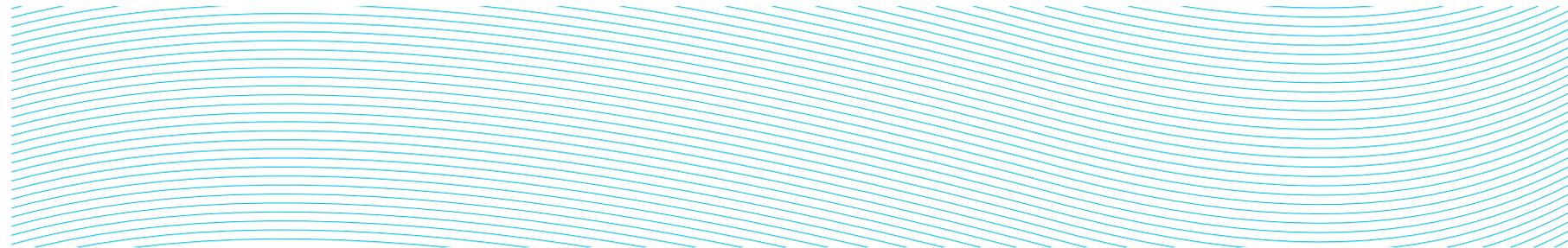
The report published by the IPCC in August 2021 showed that greenhouse gas emissions from human activities were responsible for an average increase of approximately 1.1°C in temperature compared to the pre-industrial period, which represents more than all the observed warming in the last 2000 years and concluded that, in the next 20 years, global temperatures are expected to reach or exceed 1.5°C of warming.

Scenario	Short term (2021-2040)		Medium term (2041-2060)		Long term (2081-2100)	
	Best estimate	Probable range	Best estimate	Probable range	Best estimate	Probable range
SSP1 – 1.9	1.5°C	1.2°C a 1.7°C	1.6°C	1.2°C a 2°C	1.4°C	1°C a 1.8°C
SSP5 – 8.5	1.6°C	1.3°C a 1.9°C	2.4°C	1.9°C a 3°C	4.4°C	3.3°C a 5.7°C

The report also warns of an increase in heat waves, droughts, floods and other extreme weather events over the next ten years. Scientists warn that, for each additional increment in global warming, the changes in the extremes continue to get bigger. For example, every additional 0.5°C of global warming causes clearly discernible increases in the intensity and frequency of extreme heat, including heat waves (very likely) and heavy rainfall (high confidence), as well as agricultural and ecological droughts in some regions (high trust).

By observing the impacts predicted in the 6th IPCC Report in the region where our industrial park is installed, we identified risks of potential increase in agricultural and ecological droughts in the southern portion of the Brazilian Amazon and in part of the Center-West region in the event that global temperatures increase by 2°C or more.

In view of our business, we would be impacted in the event of severe droughts that result in shortages and, consequently, production interruption. It is worth noting



that the Company has contingency programs to mitigate the impacts on its operations in the event that this risk materializes.

The regulation of the carbon market is another topic that can generate an impact for the Group. The topic gained relevance with the regulation of Article 6 of the Paris Accord at the last UN Climate Conference (COP), held in Glasgow. Article 6 encourages international exchanges of carbon credits, but there was no definition of detailed rules to calculate, generate and trade these credits. Nevertheless, carbon pricing is treated as an effective way to mitigate emissions.

In addition to the risks associated with rising temperatures and regulation of the carbon market, we identified opportunities to change consumption patterns. Given the risks and opportunities identified, we simulated the impacts considering two scenarios: one optimistic (SSP1 – 1.9) and one pessimistic (SSP5 – 8.5).

## Risks

### Droughts

Drought probability and water unavailability risks can be reduced if warming is limited to 1.5°C, and increased if warming exceeds 2°C in the Mediterranean and Southern Africa, as seen below:

- **SSP1-1.9 Scenario:**  
1.5°C: 2x increase in the incidence of droughts
- **SSP5-8.5 Scenario:**  
2.0°C: 2.4x increase in the incidence of droughts

Since the Group began to focus exclusively on the Brazilian pharmaceutical market, as of mid-2017, the Group had its 2019 gross profit reduced by 3.8% due to the lower availability of water in the reservoirs of the Anápolis Manufacturing Complex due to the significant reduction in the amount of rainfall in the region throughout 2019, which negatively affected production in the period and, consequently, Group's Gross Revenue and Gross Profit of the in the year 2019.

In 2021, there were no interruptions in production due to the interruption in water supply. The following table presents potential impacts on estimated gross profit for 2022 resulting from possible interruptions in water supply, based on the two scenarios mentioned.

Scenario	Period	BRL (millions)
Base 2019 (Real)	-	BRL 78.4
SSP1 – 1.9	2030	BRL 343.0
SSP5 – 8.5	2050	BRL 411.6

### Carbon pricing

In Brazil, the regulation of the carbon market advanced in 2021, when Bill No. 528/2021 was presented, which regulates the Brazilian carbon market. The text proposes the formation of the Brazilian Emissions Trading System (SBCE), which will establish a limit on releases for aggressive sectors with the attribution of emission rights that can be negotiated between authorized agents.

The proposal proposes that those who emit more than allowed rates will be able to buy carbon credits from those who emit less, which will allow for trade and the mitigation and offsetting of emissions. The text provides for gradual implementation, protection of business competitiveness, and good governance.



With the movement of companies and countries purchasing carbon credits to offset their emissions, it is possible to notice that the average price of these credits increased by 24% in 2021 compared to 2020, from \$2.51 to \$3.11 per metric ton of carbon equivalent. The Grantham Institute of the London School of Economics (LSE) carried out a carbon price projection under the scenarios of 1.5°C (SSP1 – 1.9) and 2°C (SSP5 – 8.5).

Scenario	2030	2050
SSP1 – 1.9	100-185 USD/tCO <sub>2</sub> e	220-430 USD/tCO <sub>2</sub> e
SSP5 – 8.5	40-80 USD/tCO <sub>2</sub> e	100-250 USD/tCO <sub>2</sub> e

Considering the values presented and a possible obligation to offset all emissions from all scopes (1, 2, and 3), the Group would be impacted to offset 44,804 tCO<sub>2</sub>e in up to \$14.5 million.

Scenario	2030 (million)	2050 (million)
SSP1 – 1.9	US\$ 6.38	US\$ 14.56
SSP5 – 8.5	US\$ 2.69	US\$ 7.84

## RISK MITIGATION

### Juntos pelo Araguaia Project

**The Hypera Pharma Group has become part of the Juntos pelo Araguaia Project**, aiming to increase water availability in the Araguaia River Basin through forest recovery, regeneration, densification and soil conservation actions, **supporting the minimization of the effects of climate change on the region.**

The action aims to promote soil and water conservation and the restoration of native vegetation on 3,000 hectares in the territory of the High Araguaia River Basin. The project's goal is to increase the availability of quality and quantity of water to strengthen ecosystem services, contributing to water security to enable proper supply in cities, foster industrial activities, and support agribusiness and sustainable rural development.

Over 3 years, the expectation is that approximately BRL 11 million will be invested.



## Water Plan

Developed in 2020, the Water Plan presents guidelines with the aim of increasing the reuse and storage capacity of water in the Group's manufacturing plants to mitigate risks related to water supply, in addition to reducing consumption in relation to the units produced.

Among the measures adopted, we highlight the expansion of the reuse of the Wastewater Treatment Plant (WTP) for Utilities processes, the drilling of artesian wells, which corresponds to 10% of our current demand, and the premise of building infiltration basins to new projects with built area expansion/soil waterproofing. As a result, we had no production downtime due to lack of the resource.

## WTP

In all, by 2022, we intend to invest approximately BRL 32 million to mitigate the possible risks mentioned:

- BRL 7.5 million for the reuse of water from the WTP for cooling towers and utilities;
- BRL 3 million to increase water storage capacity;
- BRL 2.2 million for the drilling of artesian wells;
- BRL 19 million for the deployment of a substation and electricity transmission lines.

## Opportunities

### **Climate Change**

The increase in sun exposure due to greenhouse gas emissions resulting from human activities can cause damage to the skin of the Brazilian population, and because of that, the Hypera Pharma Group conducts relevant operations in the Skincare market, in the areas of sun protection and moisturization, with its Mantecorp Skincare brand, the most widely prescribed brand by dermatologists across Brazil.

The sun protection and moisturization segments totaled BRL 190.1 million in sales in 2021, representing 45% of the Skincare business unit's sellout. To promote its brands and operate in the moisturization and sun protection segments, the Company estimates investments of BRL 132.7 million in these two segments (production, development, sales, and marketing) in 2021, and has a projected net revenue of more than BRL 280 million in 2022.

### Consumption standards

According to (i) the study by Euromonitor International, which found that in 2021, 67% of consumers attempted to make a positive impact on the environment through their everyday actions, and (ii) the research carried out by Union+Webster, which noted that 87% of the Brazilian population prefers to buy products and services from sustainable companies, it is possible to see that consumers are still prone to changing their consumption pattern, seeking to consume mainly from sustainable companies.

Therefore, we invested in Simple Organic, the largest 100% vegan, natural and organic cosmetics and makeup brand in Brazil. Its portfolio features more than 100 products, with formulas that have high technology and ingredients certified by international organizations, including the Cruelty Free and Vegan seals.

Simple Organic also guarantees the reverse logistics of 100% of its products through compensation, in addition to encouraging the return of empty packaging in stores, generating discounts on new purchases, and is the only Brazilian beauty brand certified by Instituto Lixo Zero, maintaining the commitment to make changes in production and consumption patterns, aiming at the Zero Waste goal.

Hypera Pharma invested BRL 31 million in acquiring a majority stake in this company in 2021 and expects to have revenues of approximately BRL 50 million in 2022 alone.



## EMISSIONS

GRI 305-1 · 305-2 · 305-3 · 305-4 · 305-5 · 305-6 · 413-2

Since 2013, the Group have carried out an inventory of your greenhouse gas emissions in accordance with the guidelines of the Brazilian GHG Protocol Program and in accordance with CONAMA Resolution 382. In 2021, our inventory received the Gold Seal<sup>1</sup>, certifying its completeness of data and the Verification by an accredited third party. Following the same premise, a third party also audited the Emissions Inventory 2021 data.

<sup>1</sup> It is part of the Inventory Qualification Policy of the Brazilian GHG Protocol Program. The seal certifies that the Hypera Pharma Group publishes a complete GHG inventory, with its verification being carried out by a Verification Agency (OV) accredited by the National Institute of Metrology Standardization and Industrial Quality (INMETRO).

EMISSIONS <sup>2</sup> (tCO <sub>2</sub> e)				
	2018	2019	2020	2021
<b>SCOPE 1</b>	19,561.44	24,082.66	23,726.75	25,417.55
Stationary Combustion	13,706.67	16,258.53	19,337.49	20,112.86
Mobile Combustion	4,445.77	4,817.54	2,985.36	3,770.23
Fugitive Emissions	1,409.00	3,006.59	1,403.90	1,534.45
<b>SCOPE 2</b>	4,925.50	4,510.43	3,852.99	8,665.85
Acquisition of electricity	4,925.50	4,510.43	3,852.99	8,665.85
<b>SCOPE 3</b>	17,458.00	25,095.95	17,223.73	16,119.53
Transport and Distribution (Up)	10,505.00	5,326.84	4,259.68	2,667.97
Waste in Operation	616	1,239.55	979.57	1,075.93
Business trips	2,878.00	1,487.60	654.85	747.87
Displacement of Employees	1,334.00	1,457.52	1,862.63	2,027.06
Transport and Distribution (Down)	2,125.00	15,584.44	9,467.00	9,590.70
<b>Total</b>	<b>41,944.94</b>	<b>53,689.04</b>	<b>44,803.47</b>	<b>50,202.93</b>

<sup>2</sup> Scope 1 emissions come from the company's own operations, while Scope 2 emissions are related to purchase of electricity. Scope 3 considers transportation and distribution, waste generated in operations, business trips and displacement of employees. For the calculation, considering the gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs (HFC-32, HFC-125, HFC-134, HFC-134a, HFC-143a), in line with the Brazilian GHG Protocol Program's premises.



## EMISSION INTENSITY

0.05760 kgCO<sub>2</sub>e/ unit volume of production

We observed a 12.1% increase in emissions compared to 2020. This is mainly due to scope 2, which besides having posted a 9.82% increase in consumption, there was also an increase in the emission factor of the National Interconnected System (SIN).

In scope 1, we recorded an increase due to the refills of refrigeration gas and fire extinguishers. The only scope that registered a reduction, scope 3, obtained this result due to efficiency improvements in the Group's logistics services, both upstream and downstream.

### TARGET REDUCTION OF 5%

for Scope 1 compared to 2021 (Total Base Year Scope 1 of 2021: 25,417.55 tCO<sub>2</sub>e).

## Biodiversity

GRI 203-1

The Horta Escolar ("School Garden") project worked in two different moments in 2021, namely:

- From January to June, it met the demands created from the suspension of classes, as a result of the pandemic caused by the Coronavirus/COVID-19, with the action called "Horta em Casa" ("Home Garden"), distributing 50,000 seedlings across 117 institutions, serving 27,000 families of students enrolled in the Municipal Education Network.
- With the return to activities in educational institutions, from August to October, the Horta Escolar Project returned to normality, implementing 74 vegetable garden workshops with seedlings, distributing over 34,000 seedlings, 1,350 bags of manure, and 98 kg of NPK fertilizer.

A total 281 educational institutions participated in the Horta Escolar Project, and there is still a growth forecast. The project benefits students enrolled in the Municipal Education Network of Goiânia, their families, the Goiás community that participates in the collective efforts, and the environment. Today, the School Garden Project is a reality in the institutions of the Municipal Education Network, and for the 2022 school year, the project will be implemented in all institutions of the Municipal Education Network, transforming each enclosure into a large site where knowledge is produced.

### JUNTOS PELO ARAGUAIA PROJECT

**We will invest the total of BRL 11 Million for the restoration of the Araguaia River basin (GO) through the Juntos Pelo Araguaia project.**

The forecast is to recover, in the next three years, 230 hectares of three municipalities – Santa Rita do Araguaia, Mineiros and Portelândia (GO).

Reinforcing our commitment to the United Nations Global Compact, in late 2021, we planted the first 100 seedlings of Batch II produced in the nursery of Juntos por Araguaia Project, with the support of Hypera Pharma, in Santa Rita do Araguaia, Goiás. The initiative puts into practice forest restoration and soil and water conservation actions for this drainage basin. The event was held in partnership with Instituto Espinhaco and the State Secretariat for the Environment and Sustainable Development (SEMAD Goiás).

Find out more about the project at:  
<https://bit.ly/3suzHpQ>

SDG supported:





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# Attachments

# Basis of preparation

## 1. Introduction

This document is the basis for preparing the 2021 Annual Report of Grupo Hypera Pharma SA with the objective of facilitating the understanding of the limitations and assumptions adopted during the preparation of the report, as well as ensuring that it adheres to the criteria necessary for the assurance stage of the information. Hypera Pharma Group is a publicly traded pharmaceutical conglomerate present in all relevant segments of pharmaceutical retail, with a leadership position in several categories.

Limited assurance is carried out by PwC and will have as its scope a sampling of indicators from the Global Reporting Initiative (GRI) to be listed in the Limited Assurance Report of the independent auditors. To ensure the commitment to transparency and accountability to all stakeholders, for the year 2021, the Annual Report was prepared with reference to the GRI Standards methodology, contain indicators from the Sustainability Accounting Standards Board (SASB) and its content is correlated with the Objectives of Sustainable Development (SDG) of the United Nations (UN).

## 2. Organizational limits and exceptions in the scope of the Report

The 2021 Annual Report follows the limits focused on the operations of the Hypera Pharma Group. It addresses strategic management, initiatives, and results. In the approach to operational and socio-environmental performance, the Group's information is consolidated. The report does not include information about the companies Bioage and Simple Organic, which had their acquisitions completed in 2021.

## 3. Accounting information, monetary units, and conversions

The accounting information published in the 2021 Annual Report was compared by the organization with the information available in the Standard Financial Statements for the same period, which was audited by an independent third party and also by PwC. The Group's functional and presentation monetary unit is the Brazilian Real (BRL).

## 4. Reporting systems

The collection of information for the production of the report included interviews with the leaders of the Group and access to documents and materials produced throughout 2021. The indicator book contains consolidated information on the Group. Quantitative data is managed by the operational sectors through information technology systems and records based on manual controls. To determine and consolidate them within the same standard, a collection system was provided by Ricca Consulting Company, a company hired to advise about the preparation of the Annual Report, has been used. Criteria and exceptions are described in this Basis of preparation and in the Index, when applicable.

## 5. Detailing the reporting criteria

The table below aims to increase details about the criteria and assumptions adopted for the measurement and consolidation of information regarding the GRI indicators on which this report is based and should be used as a complement to the reading the 2021 Annual Report of the Hypera Pharma Group, not only in its newsroom, but also in the GRI Disclosures Index.

# GRI Content Index

Hypera Pharma reported the information cited in this GRI content summary for the period of 2021, with reference to the GRI Standards. Standards used as reference: "GRI 1: Foundation 2021".

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>UNIVERSAL STANDARDS</b>				
<b>General Disclosures</b>				
<b>The organization and its reporting practices</b>				
2-1	Organizational details	Pages 08, 27 and 57.	Hypera Pharma is the trading name of the company Hypera S.A.	
2-2	Entities included in the organization's sustainability reporting	All companies included in the Standardized Financial Statements, available at: <a href="https://bit.ly/3NcBu15">https://bit.ly/3NcBu15</a>		X
2-3	Reporting period, frequency and contact point	Page 06.		
2-4	Restatements of information	None.		X
2-5	External assurance	Page 103.		X
<b>Activities and workers</b>				
2-6	Activities, value chain and other business relationships	Pages 08, 12, 15, 16, 17, 54 and 65.	We consider "relevant business relationships" all relationships that may impact the Group. We used as a criterion for the definition of "significant changes" changes in scope and/or rationale.	X
2-7	Employees	Page 40.	CLT + Interns + Temporary workers (third parties are not included). This is the reflection of the base date 12/31/21. We consider "permanents" the employees who perform functions not occasional and not intermittent. On the other hand, the temporary contract is a type of contract with an established term, so the employment relationship is non-permanent. In the Group, we do not have employees with non-guaranteed hours, so there is no definition. For "full-time" we consider a regimen of eight hours of work + one our of lunch daily; and "part-time" are six or four hour workdays. The concept of "significant fluctuations" are large changes in the workforce; and the concept of "Operations" are all the activities that take place within the Company, in the operating units. For products, only the main ones were considered, since we have 1,105 products.	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
2-8	Workers who are not employees	We ended the year with 1,500 third parties working on the Company's premises, mainly performing cleaning, reception, security, food, engineering, IT, recycling, employee transport, and loading and unloading services. These professionals are contracted from other companies and work within the Group's operations.	CLT + Interns + Temporary workers (third parties are not included). This is the reflection of the base date 12/31/21, systematized in the People & Management system. The concept of "significant fluctuations" are large changes in the workforce. There is no determination as to whether activities are performed by workers who are not employees.	X
<b>Governance</b>				
2-9	Governance structure and composition	Pages 28 and 32.	The term considered for the reported composition is 2021 and all reported members are sitting members.	
2-10	Nomination and selection of the highest governance body	Page 29.		
2-11	Chair of the highest governance body	Page 29.		X
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 06, 11, 29 and 34.		
2-13	Delegation of responsibility for managing impacts	Pages 31 and 37.		X
2-14	Role of the highest governance body in sustainability reporting	Pages 06, 19 and 31.		
2-15	Conflicts of interest	Page 27.	Conflicts of interest are identified and managed by the Chairman of the Board of Directors, by analyzing the object and counterparties of any contract that is the subject of the conflict. The concept of "Conflict of Interest" involves the situation generated by the confrontation between public and private interests, which may compromise the collective interest or improperly influence the performance of the public function.	
2-16	Communication of critical concerns	Pages 34 and 76.	Critical concerns are those that are linked to the business and may impact the Company's activities.	X
2-17	Collective knowledge of the highest governance body	Pages 29 and 31.		X
2-18	Evaluation of the performance of the highest governance body	Pages 27 and 29.		X
2-19	Remuneration policies	Page 33.		X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
2-20	Process to determine remuneration	In the process to determine remuneration, we made a Market Analysis, through salary surveys and used the Mercer IPE (Internacional Position Evaluation), which allows us to measure values in the Hypera Pharma's business context. To develop our remuneration policies, we take into account the involvement of stakeholders, through the determination of technical criteria, approved by the HR director and the CEO of each subsidiary. Learn more about our management on pages 33 and 44.	The determination of the remuneration process is approved at the Ordinary General Meeting (AGO). The publication has the complete remuneration – fixed, variable and benefits.	X
2-21	Annual total compensation ratio	In 2021, the total annual compensation ratio [base salary + variable compensation (PLR, bonus and others) + benefits (vacation, 13 <sup>th</sup> salary and others)] of the highest paid individual in relation to the average of other employees was 59.8x. When compared to the annual increase in each of the categories, the highest paid individual had a variation 1.32x higher than the average of the others. The Group's average remuneration is BRL 145,615.37.	The concept of "total annual compensation" is the total value (in BRL) earned in the year; "employees" are CLT + Interns + Temporary employees (third parties are not included); "highest paid individual" is the CEO (the same as the previous annual report). The rationale includes fixed and variable compensation and benefits for both cases (highest paid individual and employees).	X
<b>Strategy, policies and practices</b>				
2-22	Statement on sustainable development strategy	Page 04.		
2-23	Policy commitments	Precautionary principle applies through risk management of strategic suppliers. We realize periodic audits on raw materials and packaging suppliers, in addition to collecting financial information, risks in countries where the suppliers are present etc. Learn more about our management on pages 11, 34, 61, 65, 68 and 102.	Precautionary principle indicates strategies to deal with the uncertainty arising from the impossibility of anticipating the consequences of a human activity.	X
2-24	Embedding policy commitments	Page 34.		X
2-25	Processes to remediate negative impacts	Pages 34, 61 and 62.		X
2-26	Mechanisms for seeking advice and raising concerns	Page 34.		X
2-27	Compliance with laws and regulations	Zero.		X
2-28	Membership associations	Page 102.		
<b>Stakeholders engagement</b>				
2-29	Approach to stakeholder engagement	Page 19.		X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
2-30	Collective bargaining agreements	100%, according to the union categories and region. All employees received, via official internal communication from the group, the following information: Due to the completion of negotiations of the Collective Labor Convention 2021 Hypera CJCC, whose base date is October/ 2021, will be applied for those hired until September 30, 2021, and with salaries up to BRL 9,000.00, the salary adjustment of 10.78%. For those with salaries above BRL 9,000.00, the adjustment will be 10.25%, guaranteeing, at least, the amount of BRL 970.20.	CLT + Interns + Temporary employees (third parties are not included).	
<b>Material Topics</b>				
3-1	Process to determine material topics	Page 19.		X
3-2	List of material topics	All social and environmental indicators presented in this document cover 100% of the Hypera Pharma Group's operations. Know the full list of our material topics on page 22.		X
3-3	Management of material topics	Pages 27, 28, 34, 41, 42, 46, 48, 54, 57, 61, 62, 63, 65, 66, 69, 71, 74 and 75.		X
<b>SPECIFIC DISCLOSURES</b>				
<b>Economic Contents</b>				
<b>Economic Performance</b>				
201-1	Direct economic value generated and distributed	Pages 57 and 58.	The DVA is being presented according to the format foreseen in the Financial Statements and CPC 09 - Value Added Statement (DVA).	X
201-2	Financial implications and other risks and opportunities due to climate change	Pages 69, 74 and 76.	The financial impact was estimated based on the 2022 guidance. No rate was considered in the estimate, as the Group is made up of acquisitions and the value will not reflect reality. With respect to the costs of the measures taken, these amounts are being spent until the end of the projects. That is, part already paid and part provisioned. The details are available in the pages described to the right.	

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Market Presence</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 44.	The lowest salary is related to production assistant. Minimum wage is considered at the federal level. "Employees" are CLT + Interns + Temporary (third parties not included). Internally, we do not use the concept of "Other workers".	
<b>Indirect Economic Impacts</b>				
203-1	Infrastructure investments and services supported	Pages 58 and 82.	Investments that go beyond the scope of the Group's own operations are considered "significant. They generate "Positive impacts" in the communities where we have operations. Positive impacts are those that directly benefit communities while not directly satisfying a business purpose. On the other hand, "negative impacts" are impacts that can affect production or the communities around the operations.	X
203-2	Significant indirect economic impacts	Pages 51, 59 and 69.	We are currently undergoing a qualitative analysis to map the Group's indirect economic impacts. This will identify our stakeholders' priorities and enable us to implement standards and protocols for the next reporting cycles.	
<b>Anti-Corruption</b>				
205-1	Operations assessed for risks related to corruption	Page 34.	We consider "Operation" all activities that occur within the Company, in the operating units, including administrative and production processes. Significant risks related to crucial concerns that are linked to the business and may impact the company's activities.	
205-2	Communication and training about anti-corruption policies and procedures	Pages 37 and 65.	Data referring to the year 2021. Communications are made through the Group's official channels (e-mail, television and e-learning. E-learning is the basis of training and is accounted for via system. Courses offered to all "employees" (all professional categories contained, from trainees to directors). Functional categories were stratified by People & Management system.	X
205-3	Confirmed incidents of corruption and actions taken	Page 34.	We consider "Confirmed cases" to be those that are final and unappealable, and "corruption" as per Law 12.846.	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Environmental Contents</b>				
<b>Materials</b>				
301-1	Materials used by weight or volume	Page 71.	Rationale for calculation: weight. We consider "main products and services" as all commercialized products. Renewable material is from a renewable source and non-renewable are those that do not renew in short periods of time.	X
301-2	Recycled input materials used	0%. Due to the nature of the business, we do not use recycled materials to manufacture the Group's main products.	Rationale for calculation: weight. We consider "main products and services" as all commercialized products. There was no estimation, the waste was weighed.	X
301-3	Reclaimed products and their packaging materials	The compensation process is carried out by the "Dê a Mão para o Futuro" (ABIHPEC) and ABIA Program. Learn more about our reverse logistic programs on page 73.	Products recovered through reverse logistics using the compensation method, according to Decree No. 10.388. The reverse logistics processes follows the calculation rationale of the sector and not of the Group. The calculation rationale directs 22 % of the entire volume of the dermocosmetic and food packaging materials produced by the Group in the year.	X
<b>Energy</b>				
302-1	Energy consumption within the organization	Page 74.	The criteria for determining what is energy consumed within the organization for the different energy sources consider all own operations, owned offices or floors in rented buildings, etc. The calculation is made by the power distribution company for energy consumed from the grid. For energy consumed by generators, is calculated the generator specification versus fuel consumption.	
302-3	Energy intensity	Page 74.		
302-4	Reduction of energy consumption	Page 74 and 75.	The reduction calculation is made after consolidating consumption (described in indicator 302-1), compared to the consumption of the previous years, which followed the same parameters.	
302-5	Reductions in energy requirements of products and services	Pages 74 and 75.	"Reductions in energy requirements of products and services sold" involves using less energy per unit produced. The reduction of calculation is made after consolidating energy consumption (described in indicator 302-1), compared to the consumption of the previous years, which followed the same parameters.	

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Water and Effluents</b>				
303-1	Interactions with water as a shared resource	Page 69.		X
303-2	Management of water discharge related impacts	Page 69.		X
303-3	Water withdrawal	Page 69.	"Water-stressed areas" are areas that may experience water shortages. We used the sum of water consumption and purchase bills with the amount purchased from water trucks to compile the information.	X
303-4	Water discharge	Page 69.	We are committed to disposing of water in the public network according to the strict quality standards of the "Agência Nacional de Vigilância Sanitária" (Anvisa) and the Secretary of the Environment. The process details are mentioned on page 69.	X
303-5	Water consumption	Page 69.	"Water-stressed areas" are areas that may experience water shortages. We use the water consumption and purchase bills to compile the water stress information. We consider "Significant impacts" impacts that may affect the production. All other contextual information to understand the disclosure are mentioned in the explanatory notes on page 69.	X
<b>Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	Page 81.	We follow the Brazilian GHG Protocol Program premises.	
305-2	Energy indirect (Scope 2) GHG emissions	Page 81.	We follow the Brazilian GHG Protocol Program premises.	
305-3	Other indirect (Scope 3) GHG emissions	Page 81.	We follow the Brazilian GHG Protocol Program premises. We consider "Significant changes" major changes in the final inventory value, compared to the previous year.	
305-4	GHG emissions intensity	Page 81.		
305-5	Reduction of GHG emissions	Page 81.	We follow the Brazilian GHG Protocol Program premises. The definition of "associated primary effects" and "significant secondary effects" follows the premises defined in the GRI 305: EMISSIONS 2016 reporting requirements.	
305-6	Emissions of ozone-depleting substances (ODS)	Page 81.	We follow the Brazilian GHG Protocol Program premises.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	We emitted 329 mg/N <sub>3</sub> of particulate matter; 512 mg/N <sub>3</sub> of NOx; and 3,442 mg/N <sub>3</sub> of SOx.	We follow the Brazilian GHG Protocol Program premises. "Significant gas emissions" are those regulated by international conventions and/or national laws or regulations, as described in the glossary of GRI Standards.	

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Waste</b>				
306-1	Waste generation and significant waste-related impacts	Page 71.	Significant impacts: Risks of non-compliance and fines.	
306-2	Management of significant waste-related impacts	Page 71.	Significant impacts: Risks of non-compliance and fines.	X
306-3	Waste generated	Page 71.	In 2020, all waste was considered for the waste generation index and for 2021, there was a change in methodology, considering only productive waste (waste generated by production) for the waste generation index. This is because we understand that the volume of waste in the production area is what makes up the index.	X
306-4	Waste diverted from disposal	Page 71.	The data is controlled by control sheets.	X
306-5	Waste directed to disposal	Page 71.	The data is recorded in a system and are constantly monitored through control sheets.	X
<b>Supplier Environmental Assessment</b>				
308-1	New suppliers that were screened using environmental criteria	Page 66.	"New suppliers" are suppliers who did not supply services/products through 12/31/20. For "environmental criteria" we considered: document qualification, on-site audit for environmental service providers, evaluation of compliance with the Biodiversity Law for approval of raw material suppliers; and new raw material suppliers used for cosmetic manufacturing are qualified as to not testing on animals. The rationale (formula and its components) used to calculate the percentage considered: selected with criteria/new suppliers.	X
308-2	Negative environmental impacts in the supply chain and actions taken	Page 66.	Supplier base is composed of direct suppliers and indirect actives on year. The supplier assessment is performed following the criteria of the indicator 308-1, in addition to the assessment methodology described on page 66. We consider "actual and potential negative impacts" those caused in whole or in part by the Group, or directly associated with our activities, products or services as a result of the relationship with a supplier, as described in the GRI Standards' glossary.	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Social Contents</b>				
<b>Employment</b>				
401-1	New employee hires and rate of employee turnover	Page 42.	Sum of the number of admissions and the number of dismissals, divided by "2", then divided by the total number of employees in the Company. To calculate, we considered CLT + Temporary.	X
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 45.	CLT + Interns + Temporary.	
401-3	Parental leave	Page 45.	CLT + Interns + Temporary. In 2021, we chose not to report paternity leave data. For this reason, a change in reporting assumptions was identified with respect to the previous year.	X
<b>Occupational Health and Safety</b>				
403-1	Occupational health and safety management system	Page 48.	CLT + Interns + Temporary. In the Group we do not have "Workers who are not employees".	X
403-2	Hazard identification, risk assessment, and incident investigation	Page 48.	CLT + Interns + Temporary. The concept of "Workers who are not employees" includes third parties.	X
403-3	Occupational health services	Page 48.	CLT + Interns + Temporary. There is no differences between the answers provided.	
403-4	Occupational health and safety management system	Page 48.	CLT + Interns + Temporary. There is no differences between the answers provided.	X
403-5	Hazard identification, risk assessment, and incident investigation	Page 48.	CLT + Interns + Temporary. There is no differences between the answers provided.	X
403-6	Occupational health services	Page 48.	CLT + Interns + Temporary. There is no differences between the answers provided.	
403-7	Worker participation, consultation, and communication on occupational health and safety	Page 48.	The Group considers "Significant impacts on health and safety of work" the risks of non-compliance with rules and fines.	

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
403-8	Workers covered by an occupational health and safety management system	Page 48.	CLT + Interns + Temporary. There is no differences between the answers provided.	
403-9	Work-related injuries	Page 48.	"Employees" are CLT + Interns + Temporary. "Work-related injuries with serious consequence" are accidents that cause serious injuries with lost time; and "Work-related injury with mandatory reporting" are situations that result in death, absence of work, loss or reduced ability to work or transfer to another function, medical treatment other than first aid or loss of consciousness. The base used was 1,000,000 man-hours worked. The data are controlled by control sheets.	X
403-10	Work-related ill health	None.	"Employees" are CLT + Interns + Temporary. "Work-related illness" are serious injuries or illnesses diagnosed by a physician or other licensed health care professional, even if they do not result in death, absence from work, loss or reduction of ability to work or transfer to another function, medical treatment other than first aid or loss of consciousness.	
<b>Training and Education</b>				
404-1	Average hours of training per year per employee	Page 46.	The average hours of training refers to the average per employee, calculated from the sum of training hours and divided by the total number of employees at the end of 2021. In training, we consider both in-person and online courses. The concept of "employees" considers CLT, interns and temporary employees. The functional categories were stratified via the People & Management system, as described in 2-7 indicator. As for 2020, we had a change in the calculation methodology to reach the total training hours, as described above, due to an improvement in controls for recording and accounting for training hours.	X
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 42 and 46.		
404-3	Percentage of employees receiving regular performance and career development reviews	Page 47.	The concept of "employees" considers CLT, interns and temporary employees. The functional categories were stratified via People & Management system, as described in 2-7 indicator. "Regular performance and career development review" is the formal performance evaluation conducted internally.	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	Pages 32 and 41.	The concept of "employees" considers CLT, interns and temporary employees. The functional categories were stratified via People & Management system.	X
405-2	Ratio of basic salary and remuneration of women to men	Page 44.	To calculate the "base salary" we consider the minimum fixed amount paid to an employee for performing his functions. The calculation of compensation includes fixed compensation + variable + benefits for both cases. The data were stratified via the internal People & Management system.	X
<b>Non-Discrimination</b>				
406-1	Incidents of discrimination and corrective actions taken	We identified one case related to overweight during the selection process. The investigation carried out by the Compliance area resulted in the identification of an internal failure in protocols related to the COVID-19 pandemic, which was promptly corrected.	"Discrimination incidents" are any proven disrespectful attitudes. Complaints base on the Group's reporting channel, Hyperescuta, as described in 2-26 indicator.	X
<b>Freedom of Association and Collective Bargaining 2016</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Zero. We have a team in the People & Management area responsible for Labor and Union Relations, which supports the relationship between Unions and employees.	We did not identify risks of violation of workers' right to exercise freedom of association or collective bargaining, since all employees are governed by a union agreement. For "employees" we consider professionals in the CLT regime + Interns + Temporary (third parties not included).	X
<b>Child Labor 2016</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	Zero. We monitor employees and third parties through an external audit. In the event that any non-conformity is identified, a report is submitted to the area manager for appropriate action.	We consider "Significant risks of occurrence" the risks of non-compliance with rules for "child labor" and "young workers" according to the Brazilian legislation, which can result in fines. It's "Hazardous jobs" situations that disagree with the Brazilian legislation. The evaluated suppliers and operations are in Brazil. All operations are evaluated and only critical suppliers are evaluated.	X
<b>Forced or Compulsory Labor</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero. The risk management area carries out internal monitoring and the external audit ensures the accuracy of labor documents submitted by suppliers, considering 100% of the operation.	We consider "Significant risks of occurrence" the risks of non-compliance with rules for "forced or compulsory labor" in accordance with the Brazilian legislation, which can result in fines. The evaluated suppliers and operations are located in Brazil. All suppliers have their documentation evaluated for this risk.	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
<b>Security Practices</b>				
410-1	Security personnel trained in human rights policies or procedures	Zero.	We consider as aspects of Human Rights such as respect human relationships based on principles of equality, individuality and dignity, with relationships free of all kinds of prejudices, whether by origin or social condition and background, religion, gender, color, ethnicity, age, sexual orientation, political preferences, hierarchical level, physical conditions, or any other form of discrimination. To calculate, we considered training in the Code of Ethical Conduct, training in the SDGs and training in the New Employee Integration Program.	
<b>Rights of Indigenous People</b>				
411-1	Incidents of violations involving rights of indigenous peoples	Zero. We operate in accordance with current labor legislation.	The group has a Code of Ethical Conduct that predict the respect in human relationships between all ethnicities. Control is carried out through the reporting chan-nel, Hyperescuta, described in 2-26 indicator.	X
<b>Human Rights Assessment</b>				
412-1 (2016)	Operations that have been subject to human rights reviews or impact assessments	In 2021, 100% of our operations were guided by our Code of Ethical Conduct, that includes Human Rights aspects.		X
412-2 (2016)	Employee training on human rights policies or procedures	Page 61.		X
412-3 (2016)	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Page 61.		X
<b>Local Communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	Page 58.	"Operations" are all activities that take place within the Company, in operating units. For "engagement in local communities" are included projects socio-environmental projects developed in the cities where we have operations and prioritized from the materiality study, that has a specific methodology (learn more on page 19) and assists in directing actions to reach the Sustainable Development Goals of the Global Compact, of which we are signatories. The data is measured by Sustainability Area through a spreadsheet that follows: duration, impacts, objectives, investments, Prioritized SDGs, scope, risks and contingency plans, and the areas involved. The impacts are evaluated according to socio-environmental criteria.	

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
413-2	Operations with significant actual and potential negative impacts on local communities	Pages 69 and 81.	"Operations" are all activities that take place within the Company, in operating units. To "local communities" we considered the cities where we operate (described on page 09). The "significant actual and potential negative impacts" are identified from socio-environmental criteria, followed by Sustainability Area.	X
<b>Supplier Social Assessment</b>				
414-1	New suppliers that were screened using social criteria	16%.	"New suppliers" are suppliers that did not provide a service/product 12/31/20. For "social criteria" we considered: Human Rights, working conditions, free association with unions and current legislation. The rationale (formula and its components) used to calculate the percentage considered: selected with criteria/new suppliers.	X
414-2	Negative social impacts in the supply chain and actions taken	Page 66.	"Social impacts" are any breaches in the Brazilian legislation. There are significant impacts that can generate risks of non-compliance with rules and fines. The evaluation is made from the methodology in four quadrants. All tracking data are registered in the system. The calculation was performed from the active supplier base.	X
<b>Customer Health and Safety</b>				
416-1	Assessment of customer health and safety impacts of product and service categories	Page 62.	Assessments are performed daily in a qualitative and quantitative manner by the pharmacovigilance department through the analysis of individual reports of adverse events received. The indicators are monitored on a monthly basis. Regularly, according to the list published by ANVISA, "Benefit-Risk" reports of the products are sent, which comprise the remaining years of analysis (period between each request from the agency).	X
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 62.	The reporting considers the premises of the National Health Surveillance Agency (Anvisa) and the Health Surveillance Agency (VISA) for each category of the portfolio. The inspections were carried out in person by the agencies, one of them nationwide and the other statewide.	X
<b>Marketing and Labeling 2016</b>				
417-1	Requirements for product and service information and labeling	Page 63.	The reporting considers the premises of the National Health Surveillance Agency (Anvisa) and the Health Surveillance Agency (VISA) for each category of the portfolio (100%).	X

		Reference (page)/ Direct answer	Criteria detailing/exceptions/changes in reporting limits and justifications	Assured indicators
417-2	Incidents of non-compliance concerning product and service information and labeling	None.	The reporting considers the premises of the National Health Surveillance Agency (Anvisa) and the Health Surveillance Agency (VISA) for each category of the portfolio (100%).	X
417-3	Incidents of non-compliance concerning marketing communications	Page 63.	The information was reported according to the premises of the National Council for Advertising Self-regulation (Conar), considering the active portfolio during the year.	X
<b>Customer Privacy</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 63.	The information was reported according to the premises of the National Council for Advertising Self-regulation (Conar). We consider "proven complaints" those that have been evaluated and materialized according to the General Data Protection Law (LGPD), which defines premises of leakage, thefts or personal data. We consider as "significant" large variations compared to what we reported in 2020.	X

# SASB Index

TOPIC	INDICATOR	METRIC	PAGE / DIRECT RESPONSE	ASSURED INDICATORS
Safety of Clinical Trial participants	HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Page 62.	X
	HC-BP-210a.2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	Our clinical studies are local and conducted only in Brazil, with the National Health Surveillance Agency (ANVISA) being the regulatory agency in charge of approving and monitoring these processes. In 2021, we had no inspections from ANVISA or another agency.	
	HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Not applicable, as we only have operations in Brazil, which is considered a developing country.	
Access to Medicines	HC-BP-240a.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	Focusing on the prevention of chronic diseases, we carried out the Neo Química Arena Health Task Force and made a number of donations to combat COVID-19, described on pages 56 and 59. and 60, respectively.	X
	HC-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	We do not have products that are pre-qualified by the program, but we reaffirm our mission to provide access to healthcare for the Brazilian population through the various medicines that make up the WHO List of Essential Medicines.	
Affordability & Pricing	HC-BP-240b.1	Number of settlements of Abbreviated New Medicine Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period	Not applicable, as we only have operations in Brazil.	
	HC-BP-240b.2	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year	Not applicable, as we only have operations in Brazil.	
	HC-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	Compared to 2020, the Centrotabs vitamin had a 45% increase in list price, while Metoprolol Succinate had a 72% increase in net price due to the drastic reduction in sales in the hospital channel. Both are products of the Neo Química brand.	

TOPIC	INDICATOR	METRIC	PAGE / DIRECT RESPONSE	ASSURED INDICATORS
Medicine Safety	HC-BP-250a.1	List of products listed in the Food and Medicine Administration's (FDA) MedWatch Safety Alerts for Human Medical Products data-base	Not applicable as the Group has operations only in Brazil.	
	HC-BP-250a.2	Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System	Our operations are concentrated in Brazil, which has ANVISA as a regulatory agency. This year, there were no cases.	X
	HC-BP-250a.3	Number of recalls issued, total units recalled	Page 64.	X
	HC-BP-250a.4	Total amount of product accepted for take-back, reuse, or disposal	At the end of the year, there were 40,623.19 boxes and 9,173,100 units, totaling 573,362.49 kg.	X
	HC-BP-250a.5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Due to our operations being located in Brazil, we are supervised by ANVISA and the Health Surveillance agencies. More information can be found on page 62.	X
Counterfeit medicines	HC-BP-260a.1	Description of methods and technologies used to maintain traceability of products through-out the supply chain and prevent counterfeiting	Page 63.	X
	HC-BP-260a.2	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	Page 63.	X
	HC-BP-260a.3	Number of actions that led to raids, seizure, arrests and/or filing of criminal charges related to counterfeit products	Page 63.	X
Ethical Marketing	HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Zero.	X
	HC-BP-270a.2	Description of code of ethics governing promotion of off-label use of products	We are updating the Code of Ethics, scheduled to be published in the second half of 2022, to include relevant topics such as ethical marketing.	

TOPIC	INDICATOR	METRIC	PAGE / DIRECT RESPONSE	ASSURED INDICATORS
Employee Recruitment, Development & Retention	HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	Page 42.	X
	HC-BP-330a.2	(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals, and (d) all others	Page 42.	X
Supply Chain Management	HC-BP-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent thirdparty audit programs for integrity of supply chain and ingredients	The program is not yet known and adopted in the Brazilian market by the Brazilian pharmaceutical companies, but we are evaluating the benefits that could be brought by its implementation.	
Business Ethics	HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Zero.	X
	HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals	In 2022, we will review the Code, with the intention of including a specific chapter on the topic. Currently, the relationship is addressed in documents and manuals that govern the work of field employees, in line with Hypera Way.	
Activity metrics	HC-BP-000.A	Number of patients treated	Approximately 1,700 patients in the studies performed in the year.	
	HC-BP-000.B	Number of medicines (1) in the portfolio and (2) in research and development (Phases 1-3)	The information is mentioned on pages 12 and 15. Details of the sold products portfolio are available in our <a href="#">Reference Form</a> item 7.2.	

# SDG map



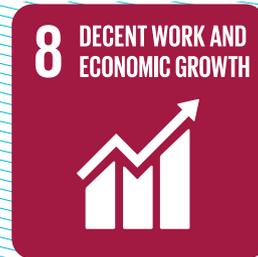
We develop innovative and quality products, always aiming at the health and well-being of the Brazilian population, in addition to promoting actions through the Social Responsibility program.

**Learn more on pages 24, 59, 60 and 82.**



Our innovation ensures water efficiency, and reduces water use and effluent production.

**Learn more on page 24.**



Sustainable growth, investing in technology to reduce environmental and social impacts.

**Learn more on page 24.**



Fostering innovation ensures investments in the area and development of people and communities.

**Learn more on pages 24 and 59.**



Waste reduction and consumer engagement programs for reverse logistics.

**Learn more on page 24.**



Development of internal projects to reduce the impacts of the operation and community awareness.

**Learn more on pages 24, 75 and 82.**

## Other indicators

### Participation in Industry Associations

GRI 2-23 · 2-28

Consistent with our commitment to provide the Brazilian population with access to health care, we participate in several health care industry associations, described below:

ENTITY	AMOUNTS CONTRIBUTED		TOPICS ADDRESSED AND HYPERA POSITIONING
	2020	2021	
<b>Trade associations and tax-exempt groups</b>	<b>BRL 129,049.00</b>	<b>BRL 143,079.00</b>	
Brazilian Advertisers Association (ABA)	BRL 52,369.00	BRL 52,369.00	Advertising market trends, participation in events and receiving updates.
Global Compact – UN	BRL 30,000.00	BRL 27,970.00	Signatories since 2020.
IAB Brazil	BRL 29,180.00	BRL 30,340.00	Focused on the development of digital advertising, it promotes committees on the subject. Employees have free participation.
Association of Credit and Collection Professionals for Pharmaceutical and Related Industries (CREDINFAR)	BRL 15,000.00	BRL 29,760.00	Discussions about the credit of non-performing and non-performing customers.
Brazilian Intellectual Property Association (ABPI)	BRL 2,500.00	BRL 2,640.00	No positioning is required. We address a wide range of intellectual property matters.
<b>Entities that act in the defense of causes of our interest</b>	<b>BRL 2,020,915.62</b>	<b>BRL 2,318,029.17</b>	
Brazilian Non-Prescription Medicines Industry Association (ABIMIP)	BRL 580,728.36	BRL 661,076.94	Promoting self-care and expanding access.
Pró Genéricos – Brazilian medicine Industry Association	BRL 279,209.16	BRL 286,715.88	Traceability, regulatory barrier for private labels, and control of impurities, nitrosamines and acids.
Brazilian Association of the Food Industry for Special Purposes and Similar Products (ABIAD)	BRL 22,500.00	BRL 71,484.86	Consolidation of legal framework for supplements, mapping of melatonin, expansion of the vitamin market.
Union of the Pharmaceutical Industry of the State of Sao Paulo (SINDUS-FARMA)	BRL 515,916.00	BRL 524,454.00	
Brazilian Association of National Pharmaceutical Laboratories (ALANAC)	BRL 389,726.40	BRL 420,525.60	Traceability, reverse logistics and post-registration portfolio-support regularization.
Brazilian Association of the Cosmetic, Toiletries and Fragrances Industry (ABIHPEC)	BRL 118,212.00	BRL 124,668.00	Mercosur legislation on the cosmetics market, reverse logistics and legal agreements related to the sector.
Union of the Pharmaceutical Industry of the State of Goiás (SINDFARGO)	BRL 77,279.70	BRL 96,383.89	Approval of the new Collective Bargaining Agreement for 2021 and 2022.
Brazilian Food Industry Association (ABIA)	BRL 37,344.00	BRL 132,720.00	Food market-specific legislation, including supplements and reverse logistics.
<b>Overall total</b>	<b>BRL 2,149,964.62</b>	<b>BRL 2,461,108.17</b>	

By the end of 2021, our Growth Balance indicator<sup>1</sup> stood at 5.301, where the ratio  $g = 45\%$  and  $G^* = 0.085$ .

<sup>1</sup> Growth balance identifies whether the company compares its revenues to the financing level of its assets. The term "g" refers to revenue growth; and the term "g\*" is calculated by the change in ending net equity divided by net equity at the beginning of the period.

# Letter of Assurance

GRI 2-5

## **Independent auditor's limited assurance report on the non-financial information included in the 2021 Annual Report**

To the Board of Directors and Stockholders

**Hypera S.A.**  
**São Paulo – SP**

### **Introduction**

We have been engaged by Hypera S.A. ("Company" or "Hypera") to present our limited assurance report on the non-financial information included in the 2021 Annual Report of Hypera for the year ended December 31, 2021.

Our limited assurance does not cover prior-period information, or any other information disclosed together with the 2021 Annual Report, including any incorporated images, audio files or videos.

### **Responsibilities of the management of Hypera**

The management of Hypera is responsible for:

- selecting or establishing adequate criteria for the preparation and presentation of the information included in the 2021 Annual Report;
- preparing the information in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-Standards), Sustainability Accounting Standards Board (SASB), and with the basis of preparation developed by the Company;
- designing, implementing and maintaining internal controls over the significant information for the preparation of the information included in the Annual Report, which is free from material misstatement, whether due to fraud or error.

### **Independent auditor's responsibility**

Our responsibility is to express a conclusion on the non-financial information included in the 2021 Annual Report, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01 – Issuance of Assurance Reports related to Sustainability

and Social Responsibility, issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that the auditor complies with ethical requirements, independence requirements, and other responsibilities of these standards, including those regarding the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on the compliance with ethical requirements, professional standards and relevant legal and regulatory requirements.

Moreover, the aforementioned standards require that the work be planned and performed to obtain limited assurance that the non-financial information included in the 2021 Annual Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and

other professionals of Hypera involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information disclosed in the Annual Report taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation, materiality, and presentation of the information included in the 2021 Annual Report, other circumstances of the engagement and our analysis of the activities and processes associated with the significant information disclosed in the 2021 Annual Report in which significant misstatements might exist. The procedures comprised, among others:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the 2021 Annual Report;

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through inquiries of the managers responsible for the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the 2021 Annual Report; and

(d) when non-financial data relate to financial indicators, comparing these indicators with the financial statements and/or accounting records.

The limited assurance engagement also included the analysis of the compliance with the guidelines and criteria of the Global Reporting Initiative (GRI-Standards), Sustainability Accounting Standards Board (SASB) and the provisions established in the basis of preparation developed by the Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### **Scope and limitations**

The procedures applied in a limited assurance engagement vary in nature and timing and are less detailed than those applied in a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level that would be obtained in a reasonable assurance engagement. If we had performed a reasonable assurance engagement, we might have identified other matters and possible misstatements in the information included in the 2021 Annual Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data.

Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods nor future projections and goals.

The preparation and presentation of non-financial information and indicators followed the definitions of the basis of preparation developed by the Company and the guidelines of the Global Reporting Initiative (GRI-Standards), Sustainability Accounting Standards Board (SASB) and, therefore, the information included in the 2021 Annual Report does not have the objective of providing assurance with regard to the compliance with social, economic, environmental or engineering laws and regulations. However, the aforementioned standards establish the presentation and disclosure of possible cases of non-compliance with such regulations when sanctions or significant fines are applied. Our assurance report should be read and understood in this context, inherent to the criteria selected and previously mentioned in this paragraph.

## **Conclusion**

Based on these procedures performed, described herein, and on the evidence obtained, no matter has come to our attention that causes us to believe that the non-financial information included in the 2021 Annual Report of Hypera has not been prepared, in all material respects, in accordance with the criteria of the basis of preparation and guidelines of the Global Reporting Initiative (GRI-Standards) and Sustainability Accounting Standards Board (SASB).

São Paulo, May 26, 2022

PricewaterhouseCoopers.

Auditores Independentes Ltda.  
CRC 2SP000160/O-5

Maurício Colombari  
Contador CRC 1SP195838/O-3

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Investor Relations Department

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