

# Annual Integrated Report

## 2020

Base year 2019

## Strength, care and future



# CONTENTS



## 1 ABOUT THE REPORT

Materiality Process	3
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## 2 INTRODUCTION

Vision 2022	4
Message from Management	6
Performance Summary	7
Eurofarma Group Profile	8
Our History	9
Market Recognition	10



## 3 MARKET CONTEXT

Sector, regulatory, and macroeconomic environment	11
International Expansion	12



## 4 BUSINESS MODEL AND VALUE GENERATION

Corporate Identity	14
Business Profile	15
Subsidiaries and Joint Ventures	19
Value Generation Strategy	20
Positive Impacts	23



## 5 SUSTAINABLE STRATEGY AND PERFORMANCE

Corporate Governance	25
Health and Wellness	26
Talent Appreciation	27
Commitment to Eco-efficiency and Circularity	30
Relations with Society	32
Eurofarma Institute	36



## 6 ECONOMIC AND FINANCIAL PERFORMANCE

Results	41
Financial Statements	42
Assurance Letter	44
GRI Index	46
Ibase Balance Sheet	49

# 1 ABOUT THE REPORT

Since 2006, we have voluntarily published our Annual Report with market, economic-financial, operational, socioenvironmental and governance information of the Eurofarma Group's companies.

In the 2019 edition, we have further expanded the transparency of information disclosure, based on the guidelines set out by the International Integrated Reporting Council (IIRC). The Report remains aligned to the protocol of the Global Reporting Initiative (GRI) – Standard version, Essential option. All financial indicators are calculated in accordance with national and international accounting standards.

The degree of material information has been refined every year, with potential to generate business value over time.

In 2019, the Eurofarma Group began consolidating the results of the company Supera Rx – joint venture running the Cristália company in Brazil. The remaining data in the report encompass companies 100% controlled by the Group (International Operations, Momenta and Magabi).

Throughout the report, numbers expressed in parentheses indicate the codes of GRI indicators – the index containing the description of each indicator is available on page 88.

This document is also available in full on our website, at [www.eurofarma.com.br/relatorio-anual](http://www.eurofarma.com.br/relatorio-anual). For more information, suggestions or comments, contact the Corporate Communication department, responsible for this Integrated Report, via email: [comunicacao@eurofarma.com.br](mailto:comunicacao@eurofarma.com.br).

Enjoy your reading!

## ABOUT THE REPORT

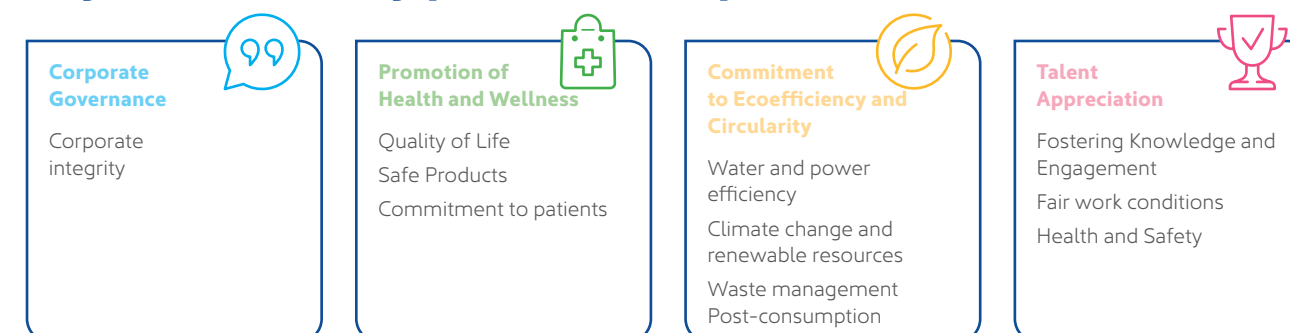
## Materiality Process

GRI 102-44, GRI 102-46, GRI 102-47

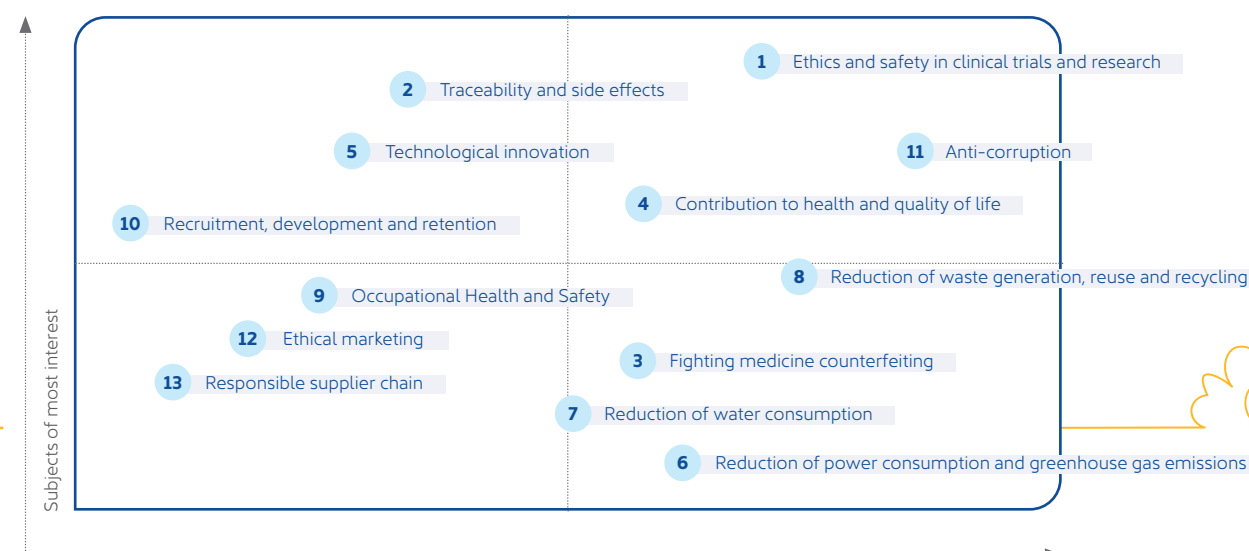
The materiality process for this report was conducted throughout the second half of 2019, via an online questionnaire with some stakeholders with whom the company has close and frequent relations, such as clients and distributors, employees (administrative and production), physicians, suppliers, advertisers, leadership, among others, considering an analysis of material topics for several companies in the pharmaceutical industry worldwide.

The main goal was to identify the material topics most relevant to the Eurofarma Group's sustainability over the next two years (i.e. externalities related to each topic and impacted audiences). The manner with which we will address these topics is presented throughout this report, as well as in our daily relations with stakeholders. The materiality results are presented below, and Chapter 5 details the Eurofarma Group's performance regarding such subjects in 2019.

## Key sustainability pillars and topics



## Prioritization of topics





# 2 INTRODUCTION

We live in an ever-changing world, increasingly connected and transparent. New production and consumption standards emerge in the market, as a product of the technological revolution, coupled with the behaviors and expectations of new generations, forcing companies to innovate in order to overcome the challenges of sustainable development and continue to grow in this constantly changing environment.

Treading ahead of the curve ever since its establishment, the Eurofarma Group understands that the path towards continuity is built over two intertwined and fundamental concepts: Innovation and Sustainability. These concepts must be deeply ingrained throughout the entire company, as a part of the routine of every employee.

Innovating towards sustainable growth means doing more with less, generating positive impacts, promoting inclusion and striving to achieve equity, including by training talents and improving processes, projects and systems. It also means being open to different perspectives to enhance the quality of products, services and relationships with all of the company's stakeholders.

The Eurofarma Group will maintain the financial robustness and consistent growth achieved over the last 15 years by offering innovative products with a competitive edge to the market, as well as maintaining its international expansion process, mainly focusing on Latin American operations in the near horizon.

## Vision 2022

We will be one of the three largest pharmaceutical companies with regional capital in Latin America, leaders in Prescription Drugs in Brazil and a benchmark in Innovation and Sustainability. With increasing profitability and 10% of the portfolio protected, 30% of sales will come from international operations.

The lessons learned from taking bold steps ever since our inception have paved the way to permanent transformation. Although renewal is a part of the everyday challenge, we proactively seek out disruptive innovations across different business fronts.

We have evolved in our governance process, based on robust Strategic Planning, which helps us take new leaps forward. Our Vision 2022 established 5 dimensions and 13 macro-objectives that summarize our goals and ambitions.

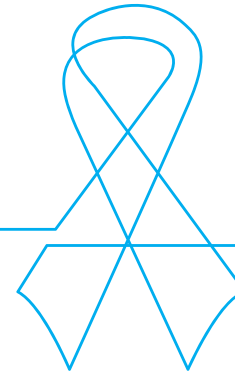
We will carry out extensive communication efforts in all operations across the 20 countries where we operate to promote and engage employees based on the company's strategies.

-  **Leadership**
-  **Innovation**
-  **Competitiveness**
-  **Expansion**
-  **Recognition**



Itapevi Industrial Complex (SP)





## Condolence Note

**Our founder Galliano Billi, who navigated uncharted waters and envisioned a great future for all of us, passed away on March 1, 2020.**

It is with profound sadness and a feeling of irreparable loss that we announce the passing of our founder, Galliano Billi, on March 1, 2020.

Son of Nello Billi and Zaira Romanini, Galliano was born on March 12, 1926 in the Italian city of Panicale, in Umbria. Always very confident and focused on his ideals, he left home at the age of 17 to defend Italy during World War II.

After the end of the war, as the only one of five siblings to go to college, he graduated in Industrial Chemistry from the University of Bologna in 1953. During his college years, he met the woman who would later become his wife, Maria Teresa Caselli Billi.

Galliano and Maria Teresa were married in Italy in 1957 and moved to Brazil shortly after that, seeking better opportunities. In Brazil, they had three children: Maurizio, Mauro and Malvia.

After 16 years working for the laboratories Lepetit and Richter as a respected industrial executive, in 1972 Galliano was finally able to fulfill his lifelong dream: starting his own company. With a notorious entrepreneurial acumen and a very rare visionary insight, he started off with a small laboratory in Interlagos, currently the home of Eurofarma Institute

– the company's social branch.

He started purchasing and restoring second-hand machinery, often from the local junkyard, and established Billi Farmacêutica – Eurofarma Group's very first company. At the time, Galliano used his expertise in the medication sector to offer production services to other pharmaceutical companies – a groundbreaking and unprecedented idea that later became what we know as outsourcing.

The company has grown a lot since then, both organically and inorganically. The group acquired many other companies and products, diversified its activities, ventured into different segments, and firmly held on to its goal of becoming a large and renowned conglomerate. The group adopted the umbrella brand Eurofarma in the 1990s. Throughout this journey of accomplishments, the company faced countless adversities and challenges, without ever losing track of its goals and values. It never gave up its ethical principles and aspirations of greatness.

In the late 1990s and early 2000s, Galliano stepped down due to health issues, and his successor, Maruzio Billi, took the helm.

Despite no longer having any executive duties, Galliano never distanced himself from the business, showing up to work almost every day, supporting decisions, and keeping the company's entrepreneurial and innovative roots well and alive.

Nowadays, after 48 years of operations, Eurofarma is the first Brazilian multinational pharmaceutical company and the most prescribed in the country, in addition to operating in more than 20 countries with over 7,400 employees.

Dr. Billi, as he was lovingly and respectfully called, is no longer part of our everyday lives, but carries on forever in his story, his teachings in our development, and in his dreams and ambitions to build the future we seek. We are thankful for all of the dedication and passion with which he led Eurofarma to such a successful position and will deeply miss his presence. Our sincere condolences to his family and friends.

We hope the legacy left behind by Dr. Billi's hard work, honesty and boldness will be remembered and followed by all future generations.



*Dr. Galliano Billi*



## Message from Management

GRI 102-14

A recent survey published in Brazil revealed that interviewees chose the word “difficulties” to define 2019. It was cited in the plural and mainly affected Latin Americans. Operating in the region and closely monitoring the economic speedbumps, currency fluctuations and changes in healthcare policies, we were also impacted, even if to a lesser extent.

We had one of the decade’s most challenging years. Nonetheless, we managed to attain gross sales of BRL 5.6 billion (BRL 4.8 billion in net sales) – up 29% compared to 2018. Half of this growth came organically and the other half through acquisitions and consolidations. This leads us to a continuous average growth of 16% over the past 15 years.

We outperformed our main competitors and took the lead in Brazilian prescription sales, a major goal that we have always pursued with determination, and our market share in Generics has advanced substantially. From a financial point of view, we expanded our gross margin, mitigating the impact of costs with the increase of units produced, and the consolidation of Supera Rx’s results contributed to the growth of our nominal Ebitda. On the other hand, we intensified our attention to logistics services, due to problems we experienced that exposed weaknesses in processes and demanded a lot of dedication to correct and move forward. We continue to face the problems that arise and that are inherent to our operation with

courage, determination and humility.

We were once again featured in the *Exame Sustainability Guide*, and we are the only four-time pharmaceutical champion in this publication. We have been among the best companies to work for in Brazil for 16 years, as well as in Peru and Central America/Dominican Republic for the first time. We have been a part of these rankings for so many years that we sometimes forget how valuable and difficult it is to make them. More than 95% of our people are proud to work here and would refer the company to their families. We continue to invest in internal talents, development and growth of our employees. We are proud of the social mobility we provide and growth is the driving force behind new opportunities.

We target the medium and long term. We know exactly what we want to achieve; and we have clear growth objectives both in Brazil and abroad. We are sure of the path we have chosen, even when the market does not value our strategy. We continue to reinvest in the business and we see no other direction where our resources can be better allocated. Under the belief that our growth depends on investing in innovation, we are the Brazilian company that most heavily invests in Research and Development. This will include more than BRL 360 million in 2020 alone. We are new product leaders, with a 13% share in launches over the last two years, more than double

our total market share, and we are inaugurating our new innovation center in Itapevi – one of the most modern in Latin America.

With a broader perspective on innovation, we created the Entrepreneurship and Digital Board, which encompasses the healthtech investment fund, startup acceleration projects and continuous improvement programs.

The market recognizes Eurofarma’s commercial performance. In addition to audit data that attests to the growth in sales and prescriptions, we are a benchmark in other key indicators, such as the 52-day average receipt period and the 43-day stock in the distribution chain. Of course, we are also supported by a robust Operations structure. It would be impossible to grow double digits every year without modern plants and a strong industrial team. We have an engaged team, with a strong climate and we have been breaking production records.

Eurofarma’s internationalization process celebrated its 10-year anniversary in 2019. This is a priority project, because we know that geographical expansion of our operations is crucial to maintain our growth rate. Until now, many years have been riddled with frustrations and lessons learned, practically rebuilding the companies we bought to implement our culture and procedures. After so much work, we expect the first positive result in 2020. Finally.

We continue to invest in the future, which means we accept a lower current profit. We maintain an AAA rating and even though we are a young company for the industry, we are solid and have a clear strategy, our own values and a strong commitment to society and our people. So, if society defined the year with the word “difficulties”, the most appropriate in our case would be: strength, care and future.

We will keep broadening horizons throughout the coming year, and the year after that and so on. We will face new challenges and we know that each will be more difficult than the last, but each year we will get stronger and become more prepared. The competition is also becoming more resourceful and the market increasingly demanding and competitive. We are determined, driven by challenges, and we have a motivated and willing team to support us always.

Many thanks to everyone who contributed to our progress, but especially to our employees who have always believed in us.

**Maurizio Billi**  
CEO



# Milestones

The results achieved in 2019 will help us reach the goals of Vision 2022.



## Leadership

**3<sup>rd</sup> place** in Latin America (among pharmaceutical companies with regional capital)

**1<sup>st</sup> place** and **8.3%** market share in Prescription Drugs

**3<sup>rd</sup> place** and **12.2%** market share in the corporate Generic Drug ranking



## Competitiveness

**Ebitda growth of 27%** compared to 2018

**Increase of 9%** in produced units

Inauguration of a new **Distribution Center**

Gross margin growth of **0.2 p.p.**



## Innovation

**84** research centers in cooperation

**More than 200** projects in the pipeline

**BRL 361 million** in R&D investments

**41** active partnerships



## Expansion

**12%** share of international sales

**100%** coverage in Latin America

**140** new records



## Recognition

Only four-time pharmaceutical champion in the **Exame Sustainability Guide**

**16 years** among the best companies to work for

**Ethos Benchmarking Group**

# Performance Summary

GRI 102-7

## Business

**5.6 billion** in gross revenue

**52 days** is the average receipt period of sales to customers (Brazil)

**43 days** is the average for retail stock to major distributors (Brazil)

Investment of **BRL 1.2 billion** in 10 years of internationalization – **BRL 457 million** in 2019 alone

Average annual growth of **16%** in 15 years

**411 million** drug units produced

**BRL 337 million** invested in operational excellence (plant, property and equipment and intangible assets)

Value Added Distribution of **BRL 3.2 billion**

- **46%** employees
- **31%** government
- **23%** others



## Society

**7,126** employees

**BRL 117 million** distributed in employee profit sharing

**70%** of leadership vacancies filled by internal use

**97%** of employees are proud of working at Eurofarma

**91%** is the positive index in the consumer Satisfaction Survey

**+10,000** services performed annually by the Eurofarma Institute in the last 5 years

**BRL 36 million** invested in education, sports, culture, social and health, with own resources and those with incentives



## Environment

**9.5 million** +Verde product units arrived to the market

**Increase of 14%** in reused water volume

**72,923 m³** of reused water

**Reduction of 4%** in absolute greenhouse gas emissions

**Replacement** of conventional with green polyethylene in primary packaging

**418,000 m²** of total protected and recovered area

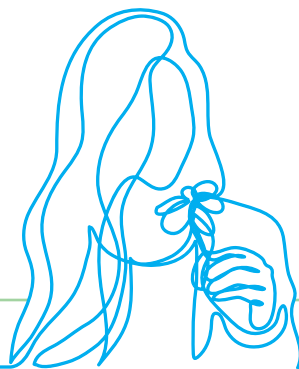
**BRL 14 million** invested in the environment

**513 tons** of waste sent for composting

**7,161 m³** of water donated

**30%** renewable source share in the energy matrix

ISO 50.001:2018 in Energy Management



# Eurofarma Group Profile

The first multinational pharmaceutical company with 100% Brazilian capital, the Eurofarma Group has operated in the healthcare industry since 1972, producing and marketing innovative products and services to improve people’s quality of life.

## Production structure

GRI 102-3 | GRI 102-4 GRI 102-6 | GRI 102-7

The Eurofarma Group has own operations in 20 countries, with an industrial park in Brazil and plants in six more Latin American countries. Reported sales totaled BRL 5.6 billion in 2019 and the Group employs over 7,000 employees.

### In Brazil

#### Head Office

- 1 New head office  
Brooklin Unit (São Paulo/SP): location with most of the company’s corporate areas

#### Strategic Units

- 1 Itapevi Industrial Complex (SP)  
Production of solids and semi-solids, liquids, oncologics, lyophilized, hormonal and packaging materials
- 2 Freguesia do Ó Unit (São Paulo/SP)  
Production of penicillins, cephalosporins and carbapenems
- 3 Ribeirão Preto Unit (SP)  
Production of large volume parenteral solutions
- 4 Varginha Unit (MG)  
Distribution Center



## Factories and main activities\*

### In Latin America

- 1 Argentina  
Production of solids, semi-solids, liquids
- 2 Chile Cerrillos  
Production of solids and semi-solids, liquids, injectables, ophthalmic
- 3 Chile Pudahuel  
Production of solids, semi-solids and liquids
- 4 Colombia  
Production of solids and liquids
- 5 Peru  
Production of solids, semi-solids and liquids
- 6 Uruguay  
Production of solids and liquids
- 7 Guatemala  
Production of solids, semi-solids and liquids

# Eurofarma Group

GRI 102-7

### Eurofarma Parent Company

- Eurofarma Laboratórios S.A.

### Eurofarma Consolidated

- Eurofarma Laboratórios S.A.
- Momenta Farmacêutica
- Magabi Pesquisas
- Supera Rx
- International Units (Central America, Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Mexico and Mozambique)



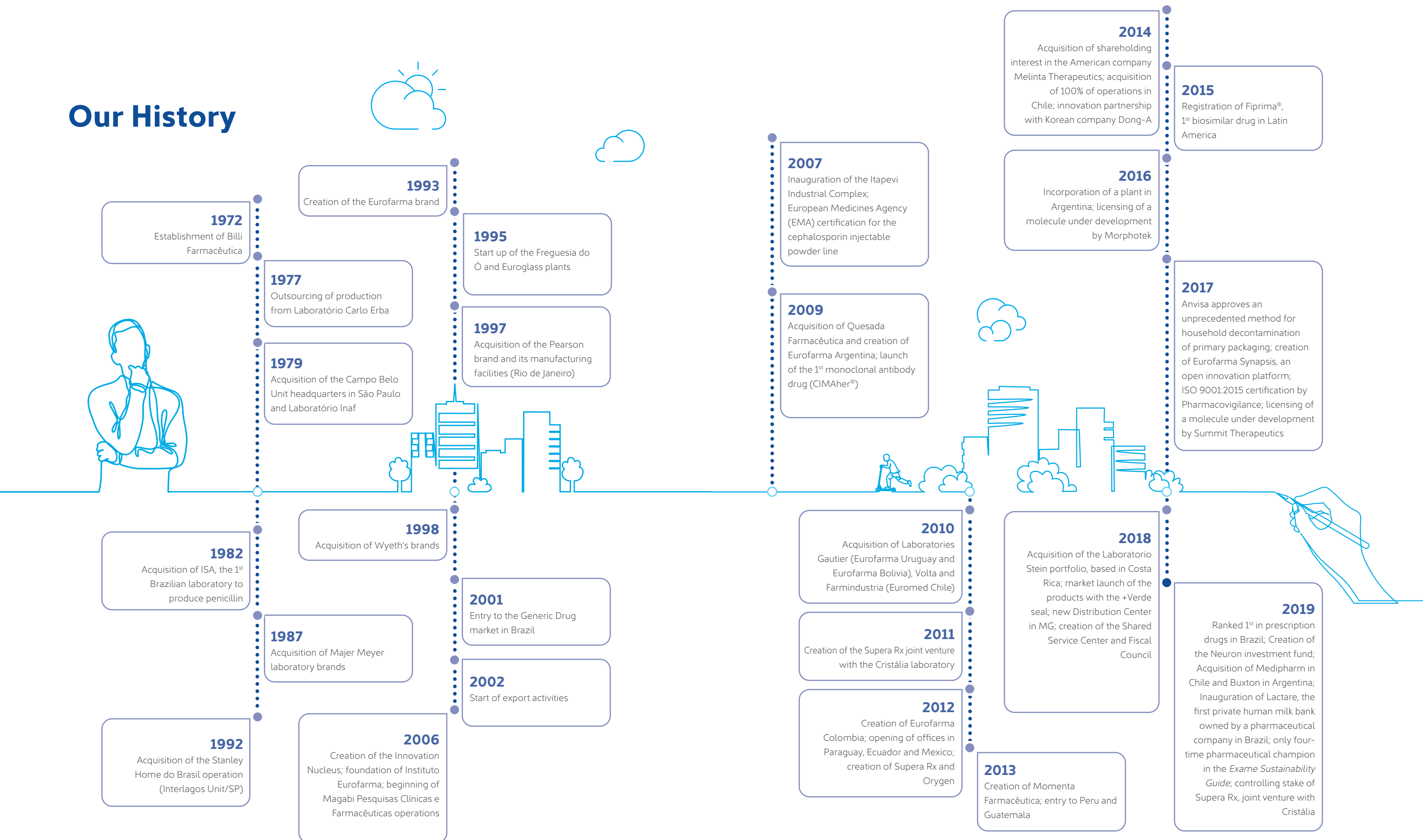
Production Team in Itapevi (SP)

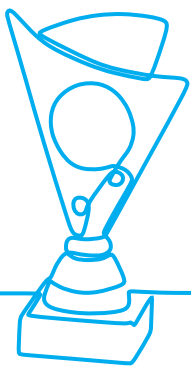
\*Operations of the units in Interlagos (SP) and Rio de Janeiro (RJ) were decommissioned in 2019.



# Our History

## INTRODUCTION





# Market Recognition



## Exame Sustainability Guide:

For the fourth time, 1<sup>st</sup> place in the “Pharmaceutical Company” category of the ranking published by *Exame* magazine – a benchmark award in Brazil. This consolidates Eurofarma as the only pharmaceutical company awarded by the publication four times, which recognizes sustainability initiatives.



## Valor Inovação:

Voted 3<sup>rd</sup> most innovative pharmaceutical company in Brazil, in the “Pharmaceutical and Life Sciences” category, in the survey held by the *Valor Econômico* newspaper and the Strategy & PwC consulting firm.



## As Melhores da Dinheiro:

1<sup>st</sup> place in the general ranking of the “Pharmaceutical Hygiene and Cleaning” segment, as well as the “Social Responsibility” and “Corporate Governance” categories. We also reached 2<sup>nd</sup> place in the “Financial Sustainability” category and 3<sup>rd</sup> in “Human Resources”. The ranking is an initiative of the *IstoÉ Dinheiro* magazine.



## Época Negócios 360º:

2<sup>nd</sup> place among pharmaceutical companies in the Brazilian Pharmaceutical Industry ranking, in the 8<sup>th</sup> edition of the *Época* magazine awards. We also ranked 2<sup>nd</sup> place in the “Innovation”, “Future Vision” and “Sustainability” categories. The company ranked 18<sup>th</sup> overall among the over 300 companies considered.



## Empresas Mais Estadão:

Ranked 2<sup>nd</sup> among pharmaceutical companies, the prominent position is a recognition for the company's initiatives in being a benchmark in innovation and sustainability, in a study promoted by *O Estado de S. Paulo* newspaper.



## GPTW Brasil:

Best pharmaceutical company to work for in Brazil. For the sixth consecutive time in the ranking, we reached 13<sup>th</sup> place among the best “Companies to Work for in GPTW”, in partnership with *Época* magazine. In all, the company has ranked among the best companies to work for in Brazil for more than 15 years.

## Valor Carreira:

Only pharmaceutical company elected in the category of 3,000 to 7,000 employees, ranking 2<sup>nd</sup> in “People Management”. The ranking, promoted by the *Valor Econômico* newspaper, assesses engagement and people management practices, as well as indicators of organizational prosperity.

## Equity in Leadership:

Featured during the “Outstanding Women Forum” produced by CKZ Diversidade in partnership with UN Women and HeforShe. The award considers initiatives on female leadership and gender equity and their importance for the current work environment.

## GPTW Peru:

The company was also highlighted in Peru for the first time, ranking 14<sup>th</sup> among the best companies to work for.

## Love Mondays:

The company ranked 11<sup>th</sup> with the most satisfied employees by the Love Mondays (Glassdoor) ranking for the fourth time running.

## Global Generics & Biosimilars Awards:

Best company of the year in the Americas in the sixth edition of the Global Generics & Biosimilars Awards 2019, which awarded the leading companies in the industry worldwide across more than 14 categories. The award is promoted by the *Pharma Intelligence* portal.

## Prêmio Sindusfarma Excelência em Gestão de Saúde e Segurança do Trabalho:

1<sup>st</sup> place in the “Operational / Industrial Sector” category; highlighted in the ‘Outstanding Safety Professional’ category and four honorable mentions were dedicated to Eurofarma Group.

## Sindusfarma Lupa de Ouro Award:

Finalist in 11 of 24 categories of the traditional Sindusfarma award, Eurofarma topped the ranking in the ‘Other Prescription Products for the Central Nervous System’ and ‘Business Performance in Generics’ categories.

## Prêmio Sindusfarma de Qualidade:

Honorable mention in the “Outsourcing of Production and Packaging” category during the 23<sup>rd</sup> edition of the award.

## Whow! Award:

Recognized as one of the 100 most innovative companies in the Brazilian market, in an unprecedented study created by the Center of Standard Intelligence (CIP).



3

**MARKET  
CONTEXT**





## Sector, regulatory, and macroeconomic environment

In 2019, the global economy grew at its slowest pace since the global financial crisis last decade, reflecting common influences, interdependence and specific characteristics of each country. Growing trade barriers and uncertainties that came long with them took a toll in many sectors worldwide.

According to the IQVIA study, Latin America's GDP is still growing moderately, similarly to other emerging regions. The pharmaceutical sector had a stronger growth, recording double digits in nominal terms. Inflation is controlled in the region, except for Argentina. However, the global appreciation of the U.S. dollar has impacted the region.

In Brazil, the main macroeconomic indicators remained stable in 2019, except for the Selic rate, at 4.5% per annum – its lowest historical rate. Brazil's GDP grew 1.1% (same as last year) and the inflation rate was 4.31%.

Growth prospects in the Latin American pharmaceutical sector remain positive. According to the IQVIA, the market should rise to an average of 7% per annum by 2023.

Regarding the healthcare market in Brazil, according to the Institute of Supplementary Health Studies (IESS), the number of health plan beneficiaries was slightly over BRL 47 million, maintaining the dropping trend seen since 2016, when there was 47.8 million beneficiaries. The Brazilian market's share in Latin America was 41.4% in 2019, according to the Latam ranking, and Eurofarma's share of sales across the

continent was 2.65% (not including Supera Rx).

According to the IQVIA, sector sales in Brazil grew 11.4% in 2019, slightly under the rate of 11.8% recorded in 2018. In absolute values, we went from BRL 92.2 billion in 2018 to BRL 102.8 billion in 2019.

Sales volume grew 4.7% compared to 2018, totaling 4.4 billion units sold in 2019.

In regard to the evolution of demand in the retail channel, the sector grew 10.7% in 2019, compared to 9.71% in 2018, and the Eurofarma Group grew 13.6% (Eurofarma, Momenta and Supera Rx), once again outperforming the market.

Regarding regulation issues in Brazil, there were two major changes in 2019 that positively impacted the pharmaceutical sector: the registration renewal term changed from 5 to 10 years, and a new regulatory milestone for Good Manufacturing Practices (GMP) was established, directly impacting quality management.

## Covid-19 pandemic and economic impacts

The Covid-19 pandemic should have a significant impact on macroeconomic and sectoral prospects for 2020. Forecasts indicate that most of the impact will take place in the short term. Financial analysts project a global recession for the year, but with a solid recovery as early as 2021.

Most countries are focusing on containing the disease to keep the healthcare system from collapsing, followed by fiscal and monetary policy measures in the order of trillions of dollars to stimulate the economy.

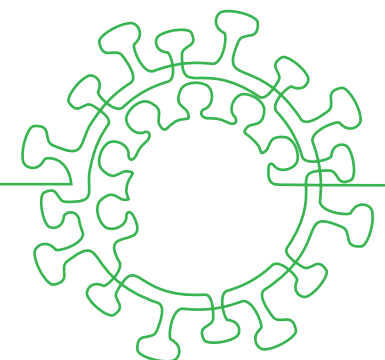
In Brazil, the hundredth case was recorded in 03/14/2020, and health authorities have been pushing estimated contagion peak dates forward. It is uncertain whether we will peak in April or May. Until the publication of this report, the country has been following the guidelines of the World Health Organization (WHO) regarding social distancing measures, in order to flatten the contagion curve and reduce the number of cases.

Economic measures adopted by the Brazilian government are focused on saving jobs, with initiatives to guarantee the cash flow of small and medium-size companies, as well as liquidity for the financial sector – associated to a greater fiscal freedom. In addition, the annual medication price restatement was postponed, which should affect the profitability of pharmaceutical companies. The industry is working with controlled prices and is affected by relying on imported inputs and the U.S. dollar's appreciation.

According to the IQVIA, the impacts of Covid-19 in the global health system and pharmaceutical industry also stem from massively focusing health system resources to fight the virus, as well as a higher demand for products used in the treatment, prevention and easing of flu symptoms, including antitussives, antithermals and antibiotics, as well as an eventual decrease in the volume of medications not associated to the pandemic. Social distancing and safety measures also changed the relationship between the industry and healthcare professionals during this period.

Other changes that could also have short-term impacts relate to the effects of the pandemic in the innovation chain. With limited circulation of people and pressure in treatment centers, clinical trials may be temporarily affected. This change in schedules should lead to potentially longer approval times for new products, ultimately affecting new releases.

The healthcare sector's growth prospects indicate few long-term impacts. However, it is important to note that pharmaceutical markets are sensitive to economic growth and unemployment rates/ We must carefully monitor the economic impacts of the crisis and a potential global recession.





# International Expansion

The goal of the company's 2022 Vision is to have 30% of sales coming from International Operations. This goal can be achieved through organic growth, based on a stronger and more innovative portfolio, but also through partnerships, mergers and acquisitions. The improvement in the International area's governance in 2019, including the deployment of the Shared Services Center (SSC) across all Latin American operations, benefited consolidated results.

Consolidated sales in International Operations accounted for 12.2% of Eurofarma Group's revenues in 2019, compared to 11% in 2018 – representing a 43.8% growth in sales. In the last decade, approximately BRL 1.2 billion was invested in the internationalization project (equivalent to USD 386.4 million) – BRL 457 million in 2019 alone.

Following the expansion strategy outlined by the company, two major acquisitions were completed in Latin America, more specifically in the Southern Cone. Medipharma was acquired to bolster operations in Chile, moving the company from 45<sup>th</sup> to 21<sup>st</sup> place in the country. Medipharma has a portfolio with more than 140 products, including neurological, respiratory and gastrointestinal drugs, adding even more value to the portfolio, which has more than 100 products in line across Chilean territory. The acquisition includes a state-of-the-art manufacturing plant with 13,700 m<sup>2</sup> and production capacity of 1.3 million units per annum.

Buxton was acquired in Argentina, reinforcing Eurofarma's presence in one of the three most important countries in the region. Growth of the

newly acquired line is expected to surpass 40% in 2020. There is also potential to extend Buxton licenses to other Latin American countries where Eurofarma operates. This allows the company to venture into new therapeutic classes and segments, such as fertility, marketing biological products.

Eurofarma has dedicated operations across all main markets in Latin America, besides Brazil: Argentina, Bolívia, Chile, Colombia, Ecuador, Mexico, Mozambique, Paraguay, Peru, Uruguay, Venezuela, Guatemala, Belize, Costa Rica, El Salvador, Honduras, Nicaragua, Panama, and Dominican Republic.



MARKET CONTEXT

## % Sales in International Operations\*

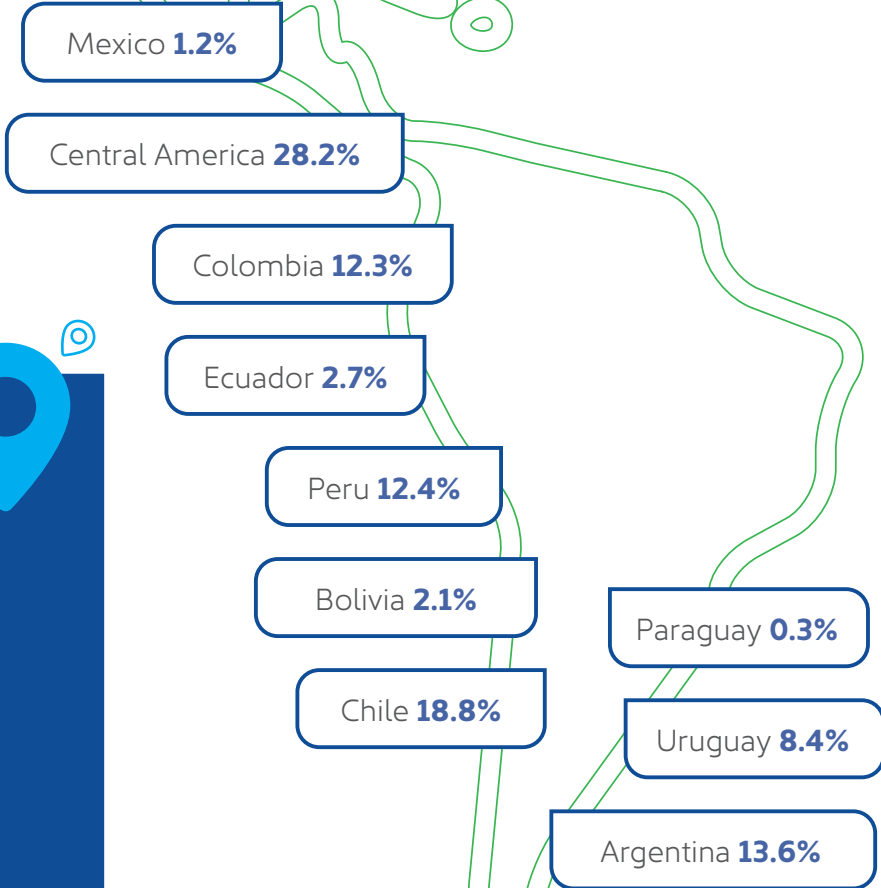
**Highlights**

**BRL 1.2 billion**  
 invested in ten years

**12.2%**  
 share in total sales

**43.8%**  
 sales growth

**Acquisitions**  
 Buxton and Medipharma

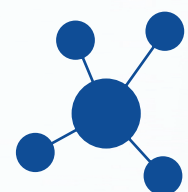


\*The world's main pharmaceutical sector audit does not include Venezuela as a relevant market in the region.



4

# BUSINESS MODEL AND VALUE GENERATION



Monica Maria Coquemala,  
Analytical Method Development analyst



# Corporate Identity

GRI 102-16



## Mission

Promote access to health and quality of life with treatments at a fair price and profitable operations, which ensures the sustainable growth of the company and the sharing of value generated with employees and society.



## Vision 2022

We will be one of the three largest pharmaceutical companies with regional capital in Latin America, leaders in prescription drugs in Brazil and a benchmark in Innovation and Sustainability. With increasing profitability and 10% of the portfolio protected, 30% of sales will come from international operations.



## Values

Agility  
Commitment,  
Sustainable Development,  
Focus on Health,  
Ethics,  
Entrepreneurship,  
Reinvestment,  
Equality,  
Respect,  
Result.

# Business Profile

GRI 102-7

## Business Units

Focused on generating shared value, the company operates in the areas of Prescription, Non-Prescription, and Generic Drugs, Hospital, Oncology and Veterinary. In Brazil alone, it offers 313 products, 649 dosage forms, serves 25 medical specialties and covers 89 therapeutic classes, which represent 81% of prescriptions in the brand market.



Campo Belo Uni\*

# Prescription Drugs

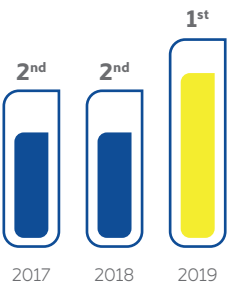
As Eurofarma Group's largest business unit, the company spearheaded the Brazilian prescription drug market for the first time in 47 years, with a market share of 8.3%.

This growth was supported by the outstanding performance of new launches, showcasing the importance of having an innovation strategy and a unique pipeline, as well as consistent Sales Force engagement of health professionals, averaging 560,000 medical visits per month\*.

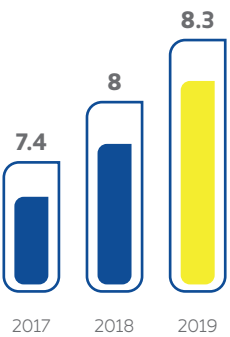
In 2019, the Unit accounted for 57.4% of revenues, representing a sales boost of 9.5% compared to 2018, with BRL 2.4 billion in revenues. A total of 85 million units were sold – up 5.4% compared to last year.

As part of a major restructuring process of Eurofarma's Sales area, we created a new medical promotion line entirely focused on women's health. The highlight in Momenta was the expansion of the sales force team.

## Position in the prescription drug ranking



## Market share (%)



Source: Close-up - Base Dec/2019 | Eurofarma, Momenta and Supera Rx. Past years may be altered due to methodologies defined by the sector's main auditing firm.



## Top Performance

Tamisa®, Selene®, Pondera®



## Releases

Pryisma; Alta D Capsules; Pondera XR; Dexfer; Perosteo KM; Ferrovitam; Gésico and Gésico Retard; Tãmisa 15; Quet XR; Perivasc 1000; Trimusk; Quepsia LP; Algie; Kelus; Proso D+; Diublock; Aires; Aloff; VenDexla.

\* Eurofarma Laboratórios and Momenta Farma.

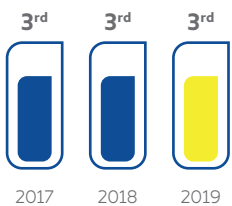


Generic Drugs

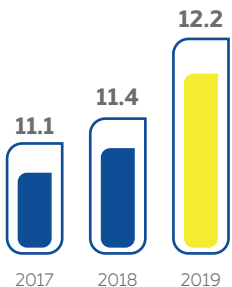
Operating in a fiercely competitive market, the Generics Unit recorded a significant growth of 32% over 2018, with revenues totaling BRL 779 million. The unit also recorded a 26.4% leap in the number of units sold, totaling 118.9 million.

The Generics unit remained ranked among the top three laboratories in the segment, with a share of 12.2%. There were 18 product launches and 24 new presentations in 2019, with an average of 20,800 visits per months in POSs.

Position in the Generics ranking



Market share (%)



Source: IQVIA - Base Dec/2019 in REAIS PPP | Eurofarma Laboratórios. Past years may be altered due to methodologies defined by the sector's main auditing firm.



Top Performance

levofloxacin, amoxicillin+clavulanate, cilostazol



Releases

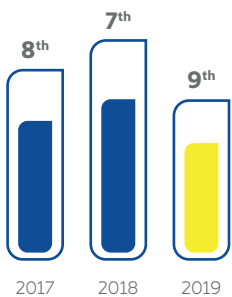
Angino Rub; atenolol+chlorthalidone; cabergoline; carisoprodol; ceftriaxone; celecoxibe; citalopram; desloratadine; desvenlafaxine; doxazosin; indapamide; Intragel; pramipexole; risedronate; Snif; tramadol

Hospital

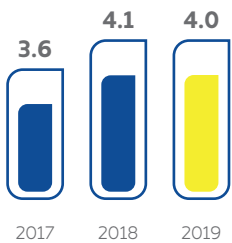
The Hospital Unit had a challenging year due to the impact caused by exchange rate variations and aggressive commercial policies in the market, recording a 4% drop in sales compared to 2018, with total revenues of BRL 420.8 million. More than 5 million units were sold in the period.

It was an important year for the Unit in terms of releases, particularly Heptar – the only bovine heparin in the market. The list of clients includes 1,425 active hospitals in the portfolio, as well as 178 distributors, with 1,603 buyer establishments.

Position in the Hospital ranking



Market share (%)



Source: IQVIA - Base Dec/2019 in REAIS PPP | Eurofarma Laboratórios. Past years may be altered due to methodologies defined by the sector's main auditing firm.



Top Performance

piperacillin+tazobactam, Versa, Heptar, in addition to saline, as one of the leaders in the segment of Large Volume Parenteral Solutions and Medications.



Releases

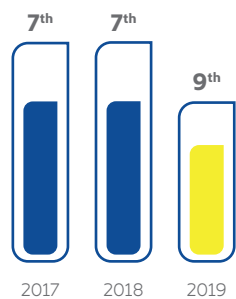
Heptar; levofloxacin 750mg; Berk

Oncology

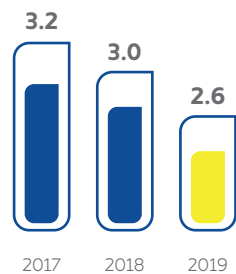
Eurofarma has the most molecules for cancer drugs in the national market (27 molecules). The main highlight in 2019 was the launch of oral temozolomide in six concentrations.

The Oncology Unit recorded a growth of 23% in the number of sold units compared to 2018, totaling just over 1 million units. The Unit earned BRL 163 million – up 1.8% compared to 2018.

Position in the Oncology ranking



Market share (%)



Source: IQVIA - Base Dec/2019 in REAIS PPP | Eurofarma Laboratórios. Past years may be altered due to methodologies defined by the sector's main auditing firm.

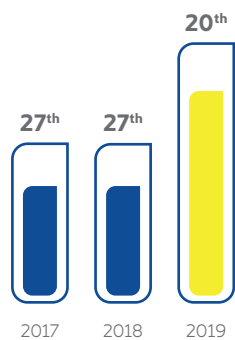


Top Performance  
Calcium folinate, anastrozole, oxaliplatin

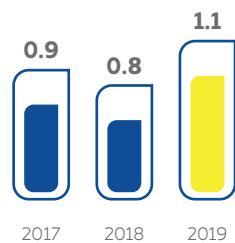
Bidding

In 2019, the Bidding Unit recorded the best results in its history. The unit grew 14.6% compared to last year, with total revenues of BRL 129.5 million. A total of 5.1 million units were sold – up 10.4% compared to 2018. The main highlights were the renewed supply of Pen Ve Oral and Benzetacil to the Brazilian Department of Health, in addition to winning the tender to supply Bup for the anti-smoking program.

Position in the Bidding ranking



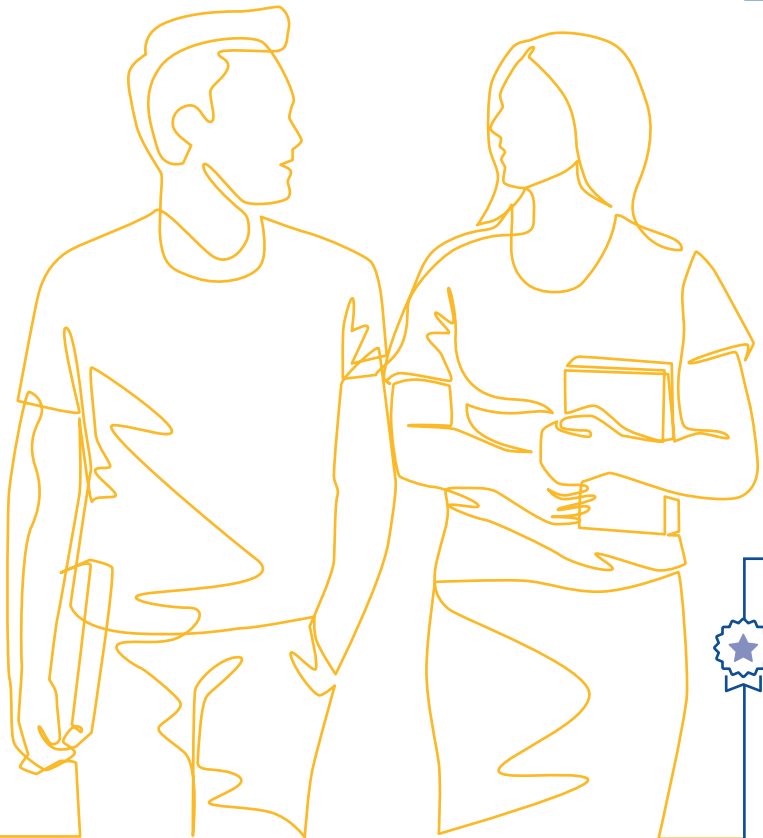
Market share (%)



Source: IQVIA - Base Dec/2019 in REAIS PPP | Eurofarma Laboratórios. Past years may be altered due to methodologies defined by the sector's main auditing firm.



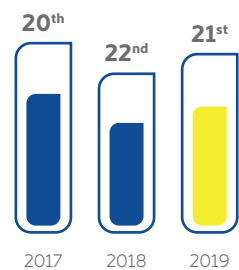
Top Performance  
piperacillin+tazobactam, Versa, Benzetacil



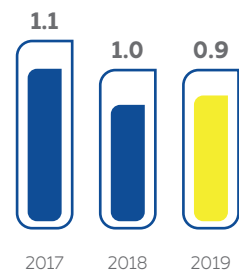
Pearson Veterinary

With a sales team covering the entire Brazilian territory, generating demand through campaigns, training courses and farm visits, Pearson’s highlight in 2019 was the relaunch of Doramec, a powerful endectocide indicated for cattle, pigs and sheep, which earned more than BRL 1 million in the year, as well as the renewed distribution contract for Aminofort, the Unit’s third highest grossing product. Pearson recorded BRL 57 million in revenues – up 0.4% compared to 2018, with 1.7 million units sold.

Position in the Veterinary ranking



Market share (%)



Source: Sindan – Base Dec/2019

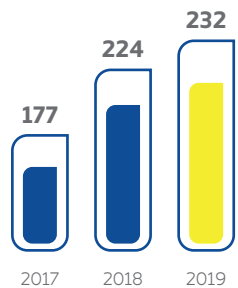


Top Performance  
Creolin, Newmast, Aminofort  
Releases  
Doramec

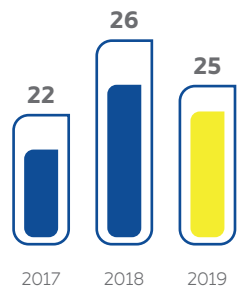
Outsourcing

In 2019, the Unit exceeded the planned income by 10%, recording a sales growth of 18.9% compared to 2018, totaling BRL 87 million. A total of 17.8 million units were sold and 232 presentations created, and a total of 25 contracting laboratories.

Number of presentations manufactured



Total contracting laboratories



Source: Internal report Eurofarma – SAP

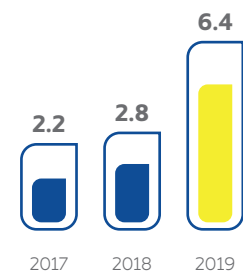





## Exports

The Exports Unit opened up new markets by beginning to sell to Vietnam and Angola, in addition to expanding the portfolio of exported products to countries such as Paraguay, Uganda, Angola, Peru, and Georgia. This expansion ultimately led to a 131% growth in sales and revenues of BRL 6.4 million in exports throughout 2019.

Sales performance (BRL million)



Source: Internal report Eurofarma – SAP

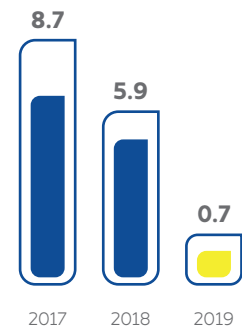


Top Performance  
omeprazole, Versa 60mg, meropenem

## Euroglass

The operation focused on manufacturing glass vials and ampoules for Eurofarma and other laboratories was decommissioned in January 2019. The unit recorded BRL 725,000 in revenue in 2019.

Sales performance (BRL million)



Source: Internal report Eurofarma – SAP



## Subsidiaries and Joint Ventures

GRI 102-7 | GRI 102-10

### Momenta Farmacêutica

Company 100% controlled by the Eurofarma Group, Momenta Farmacêutica manufactures and markets Medical Prescription and Non-prescription Drugs. In 2019, the company recorded a 16% growth in revenue compared to 2018, reaching BRL 870.9 million, with a total of 107,000 visits to healthcare professionals.



### Magabi Pesquisas Clínicas e Farmacêuticas

In addition to acting as a study center, Magabi is responsible for analyzing samples for relative bioavailability and bioequivalence studies, which are required for Anvisa registrations. Revenues totaled BR 6.9 million in 2019, with a total of 71,650 samples completed. The increase in sales compared to previous years is attributed to higher productivity and an increase in the number of samples analyzed.

### Supera Rx

In 2019, Supera Rx – company that promotes and distributes medical prescription products – became a subsidiary of the Eurofarma Group, adding revenues of BRL 632.1 million and 23.3 million units sold in 2019.



### Orygen Biotecnologia

Joint Venture between Eurofarma and the Biolab laboratory to develop and produce biosimilars.

# Value Generation Strategy

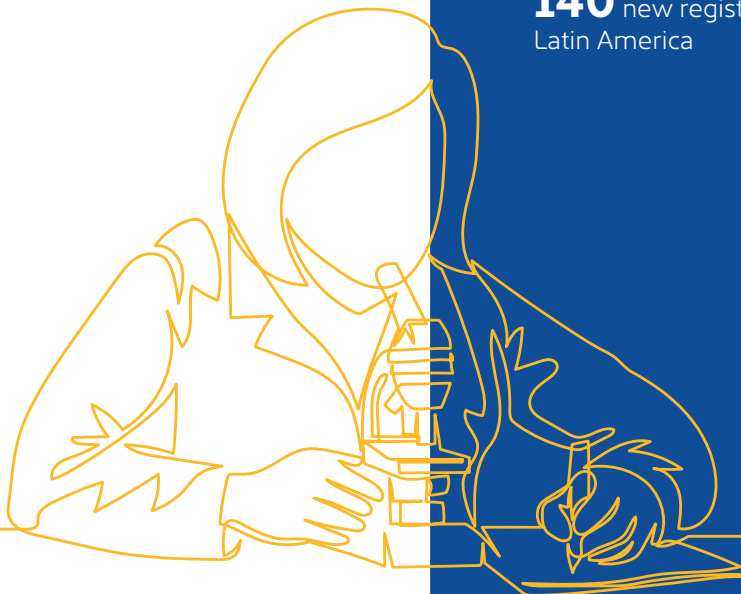
GRI 103-1 | GRI 103-2 | GRI 103-3

## Research & Development and Innovation

With a future anchored in Innovation, the company focuses on developing incremental products, fostering partnerships with local and foreign research institutions and companies to develop disruptive innovations, and license agreements to market patented products.

In 2019, R&D investments reached their highest level in the company's history, totaling BRL 360.9 million – 7.5% of net revenue (compared to 6.8% in 2018). The goal is to reach 12% of net sales in the medium term.

The current pipeline covers more than 200 projects, more than 35% focused on incremental and radical innovation, which guarantees the company's high portfolio renewal rate. In 2019, there were 87 product launches, 49 in Brazil and 38 in international operations.



### Highlights

**BRL 361 million**  
invested in R&D

**7.5%**  
of net sales

More than **200** projects  
in the pipeline, approximately  
**35%** in incremental and  
radical innovation

**87** product launches: **49** in  
Brazil and **38** in international  
operations

**140** new registrations in  
Latin America

## Unprecedented actions and innovative launches

- Launch of Prysma® (eszopiclone) in Brazil – an innovative medication to treat insomnia.
- Launch of Delabaxi® (delafloxacin) in Uruguay – an important antibiotic to treat bacterial skin infections, which is expected to be distributed in Latin America and the Caribbean.
- Partnership to develop an innovative treatment for Attention Deficit Hyperactivity Disorder (ADHD) in Latin America, with exclusive marketing license.
- Registration of evogliptin in Bolivia
- Filing of the 1<sup>st</sup> incremental innovation patent application.
- Patent Policy to promote and reward patentable projects of the company's scientists.
- Partnership with UFRJ promoting scientific, technological and knowledge interchange focused on R&D activities for innovative drugs.
- 1<sup>st</sup> *EmergeLabs Eurofarma*, a program bringing entrepreneurial scientists and the market together, reinforcing the commitment with the development of the national health and innovation ecosystem.
- Euro Health Innovation Award – unprecedented initiative in Brazil distributing 1 million Euros to innovative Brazilian medical projects.

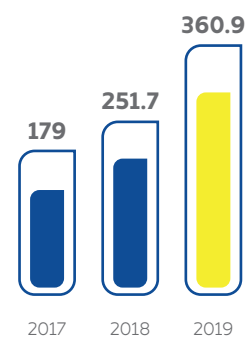


Fabiana Povêa, Analytical Method Development supervisor

The company's Strategic Planning expects 40% of revenues by 2022 to come from products launched as of 2017, considering products with incremental and radical innovation, and early generics.

To achieve this goal, around BRL 150 million were invested to build Eurolab, an Innovation Center that will become fully operational in 2020 and hold more than 400 employees from the Innovation team. Eurolab is located in the Itapevi Industrial Complex, which includes the Organic Synthesis Laboratory, to synthesize new molecules of the radical innovation projects.

Evolution of RGD investments (BRL million)



## Road to Innovation

### Biosimilars and Generics

- Low complexity
- Low risk
- 3 to 5 years
- 2 to 4 million
- Brazil/LA market

### Incremental Innovative

- Medium complexity
- Low/Medium risk
- 4 to 7 years
- 5 to 10 million
- Potential for global market via outlicensing where there are no operations.

### Radical Innovation – Partnerships

- Medium / High complexity
- High risk
- 4-8 years old
- 20 to 100 million
- LA market

### Radical Innovation – Exclusive

- Very high complexity
- High risk
- >10 years old
- > 300 million
- Co-development partnerships

## Portfolio Management

Eurofarma leads in new products, with a 13% share in new launches over the last two years – more than two times our total market share. The portfolio's renewal is one of the company's top priorities. The establishment of national and international partnerships is among the strategies to accelerate the pipeline. There are currently 41 active partnerships.

One of the highlights of 2019 is the license contract signed with Swiss group NLS-1 Pharma to develop a groundbreaking product targeting the central nervous system. In addition, the Latin American licensing area was structured to handle local negotiations with the region's countries in partnership models that do not include Brazil, and which can bring fast revenue gains for other countries in the continent.

Regarding radical innovation, one of the leading projects is the partnership with Canadian startup Cyclica, known worldwide for combining artificial intelligence and computational biophysics to reinvent the process of discovering new drugs. The center relies on PhDs with postdoctoral studies across multiple universities, such as: UFRJ, USP, USP-Ribeirão Preto and Unicamp.

## Robust technical documentation

Known for the quality of technical documentation submitted to regulatory agencies, Eurofarma is constantly better prepared to enter highly regulated markets, such as the U.S., regulated by the Food and Drug Administration (FDA), and Europe, regulated by the European Medicines Agency (EMA).

The company ranks 2<sup>nd</sup> place in generics and biosimilars of companies surveilled in registration approvals. In 2019, 140 of the 190 technical documentations submitted to Anvisa were approved, in addition to 38 new registrations submitted: 3 brand products, 14 generics and 21 clones. There were also three important rejections reversed.

Seeking balance between strategy and processes, the company kicked off the Common Technical Documentation (CTD) project, covering the new format of documenting and organizing registration and post-registration documents, determined by the International Council for Harmonisation (ICH) which, from a regulatory standpoint, will help in the process of submitting technical documentation worldwide.



## Protected Portfolio

The first incremental innovation patent application was filed in 2019 at the Brazilian National Institute of Industrial Property (INPI). This is a major step forward in the company's protected portfolio strategy.

In order to consolidate the technology-creating company with Industrial Property (IP), an exclusive Patent Incentive Policy was created in 2019 for employees, rewarding patentable projects created by the company's scientists. Initiatives will be rewarded with the title of inventors and due compensation as the invention advances. A committee formed by external members reviews all ideas submitted.

In the first year, more than 60 patentable projects were added to our development pipeline.

## Disruptive Innovation and New Technologies

In 2019, Eurofarma was the first in its sector to create the Entrepreneurship & Digital Board, steering the company through the digital transformation process in the medium and long term, seeking to internally develop disruptive business models and technologies. The new Board operates across five fronts: Synapsis Program, seeking open innovation in the market to accelerate the innovation process internally; Venture Capital Fund, investing in healthtechs to speed up innovation processes in areas outside the company's core business; Digital Marketing, working both on the digitalization and digital transformation of the company; Intrapreneurship, creating an environment to develop startups within the company; and Continuous Improvement of processes and ideas by employees through the Clic platform.

### Intrapreneurship

The innovation ecosystem is based on formal policies to promote intrapreneurship, as a way to create business models and improve internal systems, in addition to betting on the potential of science in Brazil by stimulating and incorporating cutting-edge knowledge.

This is achieved through exclusive partnerships with leading technology and healthcare companies and institutions, as well as constantly qualifying employees through scientific immersion programs abroad.

Among the initiatives to promote intrapreneurship is the Clic program – a platform that encourages our employees to share their ideas on improvements and innovations. In 2018, 280 ideas were submitted, covering everything from reducing water consumption to developing new apps, 46 of which

have already been implemented and rewarded with full scholarships.

### Neuron Synapsis

Among the Open Innovation initiatives, not linked to the company's core business, but integrated to the innovation strategy, is the creation of the Neuron Investment Fund. In 2019, the fund invested in technology projects in the content marketing and telemedicine segments.

### Fund

The involvement with innovative health companies is also structured under the Synapsis program, working in partnership with Endeavor to accelerate startups, with its second edition held last year, featuring projects developed alongside several different areas of the company. The startups performed pilot projects and two of them started partnerships with the company.

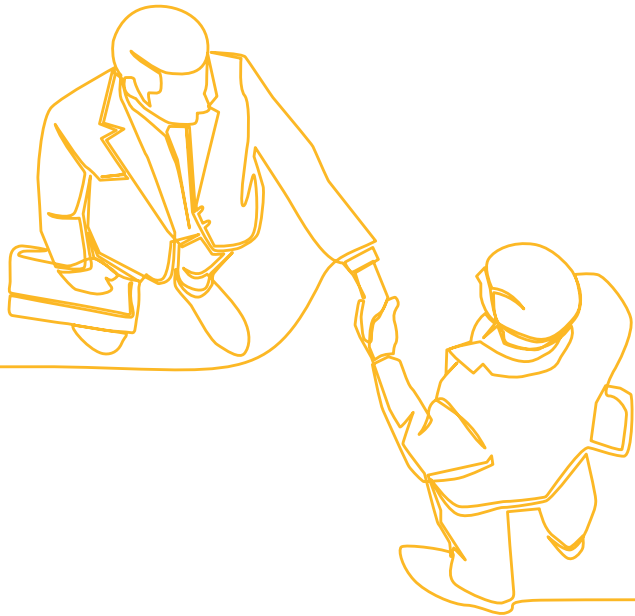
Among the highlights is Laura, one of the accelerated scale-ups in the program. Through a robot, the startup uses Artificial Intelligence to monitor hospital patients at risk of infection, sending out alarms. The software connects electronic patient files to a management dashboard located at the Nursing Center. Initially, the Laura robot will begin working in partnership with the Leforte Group in the state of São Paulo.

Another initiative was the introduction of new digital technologies to optimize resources, such as the application managing access logistics and monitoring of trucks in the industrial yard. There was also an electronic TER pilot project (Travel Expense Report) and the deployment of a platform for travelers themselves to buy airline tickets, based on an approval hierarchy.



## Pioneering approach

- Creation of the Entrepreneurship & Digital Board, which encompasses the healthtech investment fund, startup acceleration projects and continuous improvement programs.
- Launch of the Neuron Investment Fund, which will allocate up to BRL 45 million in technology projects that can potentially transform the healthcare industry.
- 2<sup>nd</sup> edition of *Eurofarma Synapsis*, selecting eight startups for scale-up, specifically working on making the healthcare chain more efficient, based on a business intelligence approach, shared services, commercial and marketing, industrial operations and sustainability.
- Sponsorship of the 2<sup>nd</sup> edition of *Portas Abertas Saúde*. This initiative gathers industry professionals and companies to discuss new business opportunities in the healthcare segment.
- First pharmaceutical group in Latin America to use Watson Artificial Intelligence in patient care.
- First company in Brazil to migrate SAP ECC 6.0 to S/4 Hana, an entirely new generation of the SAP Business Suite.



# Positive Impacts

GRI 102-44

## Medical Community

GRI 102-43; GRI 103-2



### Proximity to doctors and healthcare professionals

The decision structure for product development – the company’s flagship – is completely multidisciplinary, based on Committees with employees from different areas and support by senior management. Decisions are also made based on review and validation of the medical community, either through scientific boards, research or relationship actions, such as participation in medical congresses and scientific meetings. The boards have more than 150 physicians responsible for medical and potential scientific assessments for new therapies.

In 2019, there were 18 scientific boards (Food, Dermatology and Dermocosmetics, Gastroenterology, OncoHematology, Hiltonol, Organ Conservation Solution, Female Sexual Dysfunction, Gynecology, “Ready-to-use bags” Advisory (Hospital), Sarcopenia/Cognitive Impairment, Schistosomiasis, PET, Drug Discovery – HDAC6, Beminal Bari, Heptar, Meloxicam\_Vitamins, Meloxicam\_Glucosamine, Rizatriptan\_Naproxen). The number of clinical projects and trials in 2019 totaled 116, up 104% compared to 2018.

The relationship with the medical class is also structured with the Expanding Knowledge project,

through which a group of approximately 200 physicians follow the main national and international congresses. All new knowledge acquired is formally reported. Many of these data are shared with physicians across the country, through lectures and printed materials.

A pioneering initiative in the national industry, the Euro Health Innovation Award was created in 2019 to recognize the most innovative initiatives from Brazilian physicians, considering solutions, services and products that have contributed or will contribute to the quality of life and wellness of people. The award will hand out 1 million Euros to selected projects – the highest prize ever offered in the Brazilian healthcare segment.

To honor healthcare professionals, the company created the “Caring Hands” project last year, conveying the sensitive, delicate and humane relationship between professionals and their patients. Among the project’s initiatives is a massive 1,900-sqm mural placed at the front of the Itapevi Industrial Complex, as well as a book with a compilation of the images, with more than 100,000 copies delivered to healthcare professionals.

### Sales force

The relationship with the medical community is essential for the company, especially to meet the demands and needs of physicians on their day-to-day routine with patients. The company’s medical advertising and sales force team has more than 3,000 employees to broaden access to medications.

In 2019, these professionals handled an average of 590,000 contacts with healthcare professionals in Latin America every month. The relationship with professionals is conducted in a transparent manner, based on the principles of ethics and lawfulness in promotional actions, as per the Healthcare Professional Relationship Policy.

The document further explores the guidelines set out in Eurofarma’s Code of Ethics and Conduct.

The company follows the principles set out by the IFPMA Code (International Federation of Pharmaceutical Manufactures & Associations). The document establishes the guidelines and standards of conduct expected from all stakeholders in this relationship and formalizes the company’s commitment to ethics, lawfulness and its values. Regulated topics include sponsorship of professionals and events and free sample distribution.





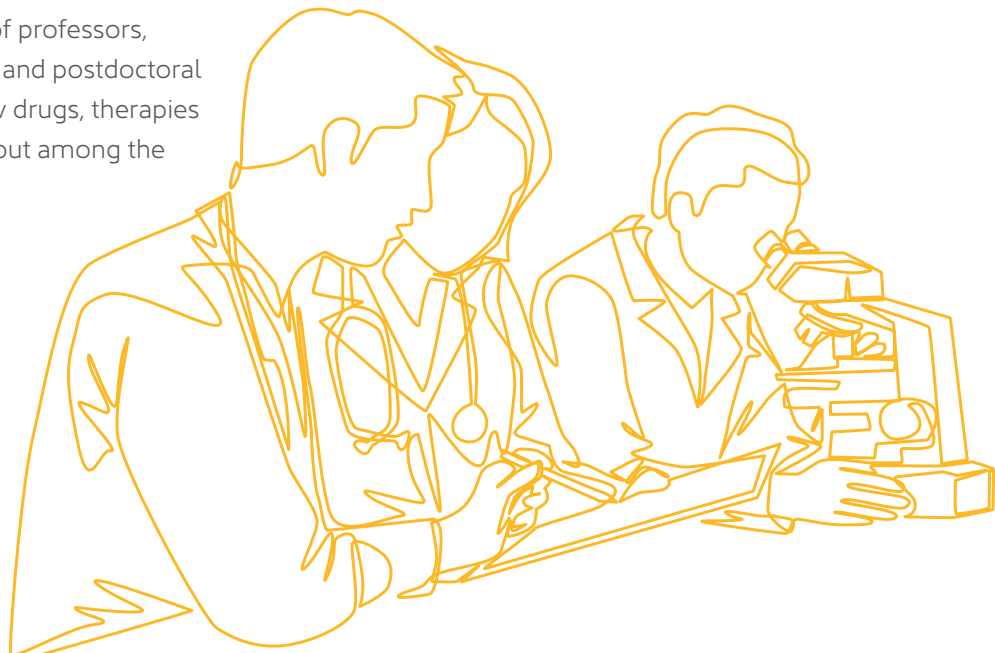
Academia

EmergeLabs

The program was developed especially for entrepreneurial scientists who want to take their research or technology out of the lab and into the market, impacting society based on the commitment of developing the country’s health and innovation ecosystem. The goal is to promote a deep experience in innovation, entrepreneurship, market, intellectual property, team building and other topics.

The first edition selected 16 projects whose strong points were scientific relevance and technical knowledge of teams, which represent several different Brazilian universities, such as *Universidade de São Paulo* (USP), *Universidade Federal do Rio de Janeiro* (UFRJ), *Universidade Federal de Campina Grande* (UFCG), among others.

The chosen teams consist of professors, students and Master’s, PhD and postdoctoral researchers. Studies on new drugs, therapies and clinical analyses stand out among the selected projects.



Unprecedented technical-scientific partnership

Eurofarma entered into a technical-scientific cooperation agreement with UFRJ – the first of its kind in Brazil – to research and develop innovative medications, train human resources, and absorb and transfer technology.

Through the Laboratory of Assessment and Synthesis of Bioactive Substances (LASSBio), the agreement grants access to a collection of 2,000 molecules, many of which have proven biological properties. Joint scientific projects initially focus on pain, leishmaniosis, inflammation and depression.

Suppliers

GRI 103-2 | GRI 103-3 | GRI 102-9

In partnership with the Ethos Institute, we have a pioneer program in the pharmaceutical industry to promote sustainability in the value chain. Assessments are carried out based on indicators and good supplier practices, which play an active role in implementing improvements. This is a continuous effort that evolved after the Code of Supplier Ethics was published in 2011.

Contracts signed by all 4,468 suppliers in Brazil and 259 abroad have socioenvironmental responsibility clauses. Among direct suppliers, 48% of expenses stem from local suppliers and 88% from indirect suppliers. Local suppliers are those located in countries where we have relevant operations (i.e. manufacturing units). GRI 204-1

In 2019, we identified sustainability gaps in the supply chain that have been addressed throughout 2020. Out of the 95 suppliers invited to take the survey, 88 will move on to the second stage of the Monitoring program, focusing on an action plan to address all identified issues.

When it comes to Quality, Eurofarma values the qualification of its suppliers, including in person for active ingredient manufacturers. Besides audits, suppliers undergo technical monitoring procedures for each material and, every two years, a compilation of these procedures is documented for suppliers and other areas of the company. A total of 115 audits were carried out in the supplier chain in 2019.



Supplier audits	2017	2018	2019
Audits performed	99	162	115
Qualified suppliers	96	162	113
Disqualified suppliers	3	0	2



5

# SUSTAINABLE STRATEGY AND PERFORMANCE

Students of the Eurofarma Institute



# Corporate Governance

## Structure

GRI 102-18

Despite being a privately held corporation, the Eurofarma Group follows strict corporate governance standards based on good market practices for decision-making processes and in the application of control mechanisms, guided by structured policies.

The Code of Ethics and Conduct is regularly updated and disseminated through training efforts for all employees across the 20 countries where we operate. The Code establishes procedures and relationships between shareholders, officers, employees, healthcare professionals, suppliers and consumers. Therefore, 100% of our employees and outsourced workers are subject to anti-corruption training and policies. GRI 102-16 | GRI 205-2



## Governance System

The corporate governance system is constantly improved through a broad structuring of risk management, to be implemented throughout 2020.

### Committees

Multidisciplinary committees are an important tool to manage and integrate teams towards the execution of strategic actions. In addition to employees from different areas, committees also include senior management in regular meetings for discussions and decision-making.

### Advisory Board

Established nine years ago, the board consists of specialists from different areas, with business experience and independent performance. Opportunities and challenges in the pharmaceutical market are discussed and evaluated in monthly meetings between the five members of the Board of Directors, the Executive Committee and shareholders.

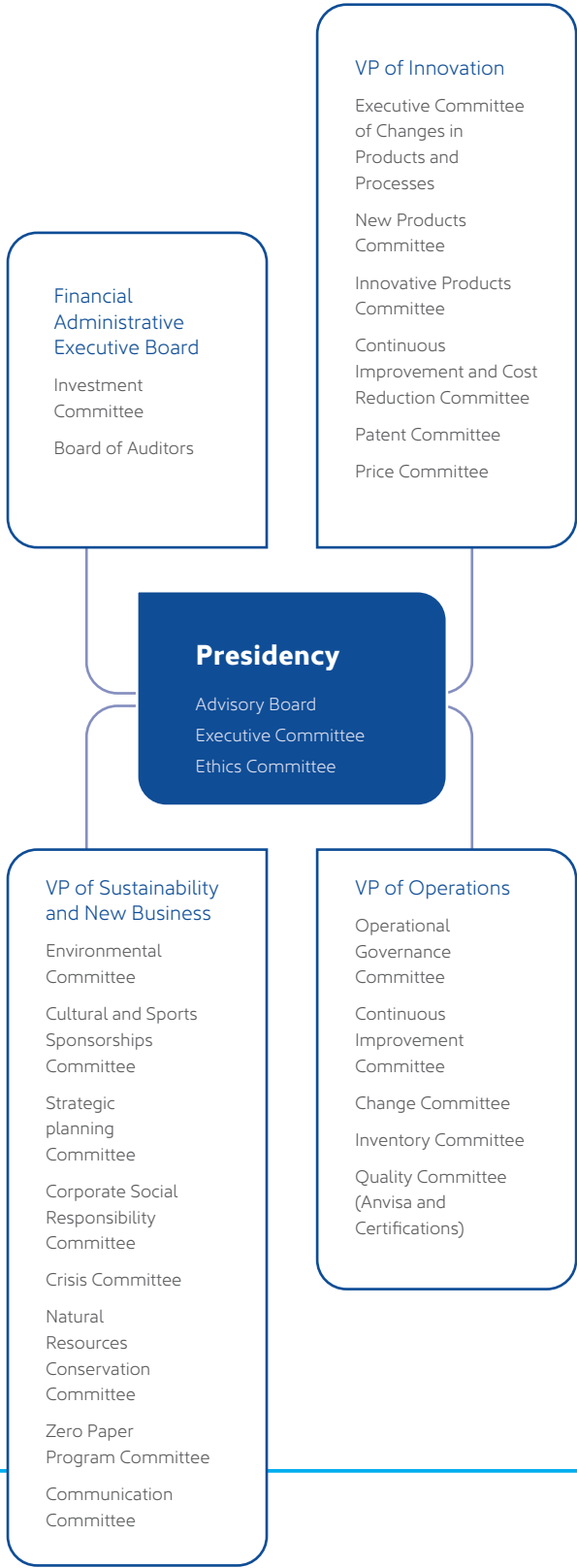
### Board of Auditors

In its first year of existence, the board worked on monitoring administrative decisions and became yet another tool to generate knowledge and improve control mechanisms.

## Corporate Integrity

GRI 103-1 | GRI 103-2 | GRI 103-3

The Corporate Integrity area guides and monitors good governance practices and assists in the development of guidelines and policies, as well as promoting the culture of compliance with the Code of Ethics and Conduct. It is also responsible for internal audits and investigations related to the Ombudsman Channel. Employees in Brazil and International Operations undergo specific training related to the Code of Ethics and Conduct. GRI 102-16 | GRI 205-2





## Independent Ombudsman Channel

Employees, suppliers and other stakeholders have at their disposal an independent and confidential Ombudsman Channel to report events and behaviors that violate the Code of Ethics and Conduct, as well as other complaints.

The channel is managed by an independent company and the process of analysis and investigation is conducted by the Corporate Integrity area, which reports to the Ethics Committee, directly linked to the CEO.

GRI 102-17

## Ombudsman 2019

GRI 205-3

**Global** [www.contatoseguro.com.br/grupoeurofarma](http://www.contatoseguro.com.br/grupoeurofarma)

**Brazil** 0800-6021834

No. of events	356
No. of applicable events	220
No. of non-applicable events	136
No. of cases of violation of higher risk	3
No. of dismissals due to violation of the Code of Conduct & Ethics	3
No. of commercial contract terminations due to violations of the Code and/or Applicable Policies	0

# Health and Wellness

## Quality of Life

GRI 103-1; GRI 103-2; GRI 102-43

Our mission is to promote access to health and quality of life. The choice to produce innovative drugs with a strict quality standard, certified by regulatory authorities, as evidenced by the company's rate of approvals, impacts the offer of products that meet the needs of physicians and patients.

One of the qualities that allow us to stand out is operating in even the most remote locations of Latin America, which is made possible by the work of one of the largest medical advertising and sales force team in the region, with more than 3,000 employees focused on presenting the portfolio's products. This helps promote access to health treatments at a fair price.

We also interact with society through our social media profiles, where we promote quality content on health and quality of life. These efforts amassed 14 million views on these platforms. Our website is also a major content directory with more than 1.9 million

visits last year. The company also had more than 2,000 positive articles published in the media.

The Medication Donation program also fulfills its goal of helping expand access to medication – especially to those who need it the most. By paying full taxes, we donate medications with expiration date equal to or under 120 days to non-government organizations and healthcare entities working with underprivileged populations.

In 2019, we donated 10,214 units to 25 organizations, with an invoice value of BRL 126,900. In international operations, donations totaled BRL 396,400, with 22,487 units donated to five institutions.

## Safe Products

GRI 103-1 | GRI 103-2 | GRI 103-3

Medication safety is paramount for the company, which strictly follows the highest management standards on the topic. The ISO 9001:2015 quality certificate was renewed in 2019, after another audit.

In order to meet international good practices in pharmacovigilance, a process was implemented to review the activities of the area related to workflows, procedures and interaction with all of Eurofarma's operations. After the revision, a meeting in Colombia gathered the medical managers of all international operations of the Eurofarma Group to disseminate new practices and training.

The company also participated in a pharmacovigilance work group of Sindusfarma to review an important technical document to be adopted by Anvisa: the international adverse event coding dictionary (MedDRA).





# Commitment to patients

GRI 103-1 | GRI 103-2 | GRI 103-3

## Patient journey

GRI 416-1

The focus on assisting patients and tending to their medical needs is the foundation of the medication development process. All projects begin with a Scientific Committee to address unfulfilled clinical needs alongside physicians of different specialties.

The scientific debate generates ideas for innovative products and treatments to meet the demands of the medical class in Brazil and Latin America. The subsequent stage covers the patient journey, involving voluntary clinical trials to assess the efficacy and safety of medications.

Clinical trials are conducted based on the guidelines of the National Ethics Commission/CNS/ MS, as well as national and international legal, ethical and safety standards. This ensures the reliability of data generated by the study, as well as the safety of those involved in the process, including physicians, patients, and the company itself.

A total of 114 clinical trials were conducted in the period, with approximately 2,300 participants in Brazil and other Latin American countries. The number of people involved was 30% higher compared to 2018. Investments in clinical development totaled approximately BRL 25 million. A total of 84 study centers were involved in the Eurofarma Group’s projects.

Clinical trials	2017	2018	2019
Studies	35	38	114
Participants	943	1,779	2,297

The evaluation mechanisms involve study monitoring, hiring external audits and systematically monitoring the execution of procedures in the area. The safety monitoring and follow-up on any adverse reactions of the products also continue during the marketing period, under the responsibility of the pharmacovigilance area. The Eurofarma Call Center (CAE) is also a direct contact channel with patients and consumers.

Medications produced and marketed by the company are monitored and their safety is assessed throughout their entire life cycle. The Medical Board oversees all research stages, based on best market practices and constantly updated according to legal requirements. Activities regularly undergo audits and assessments by regulatory agencies.

As a regulatory requirement, medications developed and sold are submitted to clinical trials in animals and human beings. The company is constantly seeking alternatives to animal testing, such as using zebrafish

All Eurofarma products are evaluated and updated frequently to ensure compliance with standards regarding the information in inserts and packages. Out of the 276 inserts in the portfolio, 170 (generics and biosimilars) were reviewed in 2019, due to updates in the reference medication indicated by Anvisa and other regulatory requirements, accounting for 61.6% of the marketed portfolio. In addition, another 15 (new, specific and biological) were reviewed due to other update needs. During the revision period, there was no event of noncompliance with laws, standards, codes regarding information in inserts and packaging, as well as labeling of products and services. GRI 417-1 | GRI 417-2

All of our products undergo annual evaluations of impact on consumer health and safety. There was no event of noncompliance with laws, standards and codes related to consumer health and safety. In response to requests from clients and imports, the company issued 100% of Chemical Material Safety Data Sheets (MSDS) for inputs used as basis for direct or indirect manufacturing of its portfolio in 2019. GRI 416-1 | GRI 416-2

Eurofarma does not sell products that have been banned in operating markets (i.e. questioned by its stakeholders). The company exclusively sells products approved by local health authorities. GRI 102-2

In 2019, the U.S. Food and Drug Administration (FDA) alerted the public of the results of a clinical trial showing a potentially higher risk of cancer associated to the weight-loss drug Belviq, Belviq XR (lorcaserin).

According to the agency, the cause of cancer cases is still uncertain and it cannot be concluded that lorcaserin increases this risk. In Brazil, while Anvisa reviews the drug’s safety information, Eurofarma, which holds the registration, suspended all sales and distribution of this medication.

## Quality and Certifications

GRI 103-2 | GRI 416-1

- Anvisa (National Health Surveillance Agency) – Brazil, Argentina and Colombia
- Anmat (Administración Nacional de Medicamentos, Alimentos y Tecnología Médica) – Argentina and Brazil
- Cofepris (Comisión Federal para la Protección contra Riesgos Sanitarios) – Colombia
- Digemid (Dirección General de Medicamentos, Insumos y Drogas) – Peru, Brazil and Colombia
- Invima (Instituto Nacional de Vigilancia de Medicamentos y Alimentos) – Colombia and Brazil
- Halal (Export certificate for Arab countries) – Brazil
- Reblas (Brazilian Network of Analytical Health Laboratories) – Brazil

Call Center

in toxicity studies. Financed by Eurofarma, the Zebra Advances Laboratory (LZA), located in the Research and Innovation Center of the Center of Biological and Health Sciences of *Universidade Federal de São Carlos* (UFSCar), focuses on using toxicological zebrafish models to assess the safety of molecules developed in innovation projects.

The company has always been one step ahead of national regulatory requirements. Currently, adjustments are also being made to meet requirements of international regulatory agencies, such as the Food and Drug Administration (FDA) and the European Medicines Agency (EMA) for manufacturing units and operations. International plans are also duly certified under the parameters of each country’s regulatory agencies.

The Eurofarma Call Center (CAE) is the main relationship channel with consumers, physicians, healthcare professionals and business clients. Contact forms include toll-free number, email, website chat, and also WhatsApp mobile application as of last year. In 2019, the CAE recorded a monthly average of 18,300 customer services across all platforms. The customer satisfaction rate was 91%.

In a pioneering initiative, the CAE started using IBM’s Watson artificial intelligence technology to service clients in 2019. The humanized virtual assistant, called Eva, expanded 24/7 service by helping with low-complexity demands through a chatbot. With the help of virtual service, experts started to focus on more complex situations, where customers prefer to talk to a professional.

The team also underwent a Continuing Education program, focused on the assertiveness of collecting and registering consumer safety data.

Eurofarma is the only Brazilian pharmaceutical company with the 2015 version of ISO 9001, which was renewed in 2019. The certification attests to the quality policy in pharmacovigilance processes in Brazil, monitoring the safety and efficacy of medications produced by the company. The company’s processes require 100% of products to undergo evaluation of impacts to consumer health and safety.

Customer satisfaction survey	2019
Consumers	91%
Healthcare professionals	97%
Commercial clients – After Sales	85%





# Talent Appreciation

GRI 103-1 | GRI 103-2 | GRI 103-3

## Profile of employees

With a team of more than 7,000 employees, over 1,500 work in International Operations. GRI 102-8

Driven by a culture that values equity and promotes opportunities, 75% of our VP positions and 45% of other executive positions are occupied by women.

Employees have guaranteed union representation, and those working under formal employment record (Brazilian Labor Code – CLT), who are the vast majority of the company (98%), are covered by collective bargaining agreements with the unions. GRI 102-41

## Culture of Innovation

The culture of innovation and entrepreneurship is deeply rooted throughout the company, and is also the foundation of strategic projects in the Human Resources area. One of the ten competencies required is Innovation with Excellence. Based on structured policies, employees are constantly encouraged to think of new ways to improve their work processes.

One of these innovation incentive policies is the Clic program, which encourages employees of all areas and hierarchies to propose innovations to generate efficiency gains, financial return or improved productivity in administrative, technical or operational areas.

Another initiative is the Expanding Vision program, which keeps key staff aligned to the strategy, targets and challenges for the next few years. Through monthly two-hour meetings with the CP and directors of respective areas, key indicators, scenarios and projects (innovative) are presented and participants

discuss ideas and share experiences.

The Foreign Immersion Policy is another important tool used to support structured innovation development, which may last 2 to 3 years. Employees also actively attend national and international scientific congresses, in addition to immersion experiences in cutting-edge university laboratories in countries such as U.S., Canada and Israel.

The Patent Policy was established in 2019, designed to encourage the company’s scientists to focus on developing patentable projects. The policy provides financial compensation as ideas advance. The company currently has more than 60 patentable projects in the pipeline and one patent application already filed at the INPI as a result of this patent incentive policy.

Total Employees (global) GRI 102-8				
2019	Eurofarma	Momenta	International Operations	Total
Internal employees	2,471	439	1,027	3,937
Medical advertising sales force	2,142	507	540	3,189
Total	4,613	946	1,567	7,126

Does not include temps.

Employees by job type (Brazil) GRI 102-8			
2019	Indefinite employment contract	Temporary employment contract	Total
By gender	5,559	61	5,620
Men	3,823	32	3,855
Women	1,736	29	1,765
By region	5,559	61	5,620
South	454	-	454
Southeast	4,278	60	4,338
Midwest	207	1	208
Northeast	504	-	504
North	116	-	116

Includes only Eurofarma and Momenta employees. Includes temps.

Employees by work regime (Brazil) GRI 102-8		2019	
	Full time	Part time	Total
By gender	5,555	4	5,559
Men	3,821	2	3,823
Women	1,734	2	1,736

Includes only Eurofarma and Momenta employees. Does not include temps and interns.

Priority for Internal Recruitment

The appreciation of the company’s talents is reflected in structured policies, such as the Internal Recruitment Program, which filled 801 positions internally in 2019, including operations in Brazil and abroad.

Attractive compensation

Regarding the compensation policy, the company compensates employees above the pharmaceutical market average pay, as a strategy to attract and retain talent. Wage competitiveness is maintained through constant market surveys. The company also offers a Profit Sharing Program (PSP) based on criteria related to general and individual performance. The company distributed BRL 117 million among its employees under the profit sharing program in 2019. In addition, 100% of employees undergo the formal performance evaluation process, based on the assessment of PSP targets reached. GRI 404-3

A great place to work

The work environment and possibility of professional development opportunities have placed Eurofarma in the rankings of best employers in Brazil for 16 years in a row.

In 2019, the company was elected the best pharmaceutical company to work for and reached 13<sup>th</sup> place overall among the best Companies to Work in the Great Place to Work (GPTW), in partnership with *Época* magazine. Internationally, the company earned the title of best pharmaceutical company to work in Central America for the very first time, according to the 2020 GPTW ranking in Central America and the Caribbean.

Constant incentive for development

Training programs strengthen technical and behavioral skills, ensuring the constant development of employees. In 2019 alone, leadership training courses totaled 41,000 hours, as well as more than 343,000 hours for technical positions, which represents an annual workload of 42 and 56 hours per person, respectively. GRI 404-1

The company invests in custom programs, such as coaching for recently promoted managers, who undergo technical and behavioral training focused on the competencies required by the company. Assessment processes were also carried out in some boards, in order to map personal and collective development opportunities. In 2019, the Leader Academy and Development Track programs were structured under the Design Thinking methodology, in order to encourage innovative ideas.

Collaboration between teams

A collaborative environment directly contributes to boosting team productivity. Offering comfortable conditions and promoting healthy relationships at work is essential to engage employees and motivate them to reach management targets.

Online tools are becoming increasingly relevant in this sense. *Conecta* was launched in 2019 – an extranet in Portuguese and Spanish that brings together more than 7,000 employees from administrative, industrial and commercial teams across 20 countries. Besides *Conecta*, the company also implemented *Yammer* – a corporate social media platform focused on projects and ideas.

Human Capital Management	2019			
2019	Eurofarma	Momenta	International Operations	Total
Distributed PPR – thousands of BRL	70,938	13,056	12,747	96,741
Voluntary Turnover* % - GRI 401-1	1.80%	0.10%	5.83%	-
Number of vacancies internally filled	669	76	56	801
Leadership vacancies internally filled	-	-	-	70%
Performance evaluation (% of employees participating in formal process) GRI 404-3	100%	100%	100%	100%
Training hours GRI 404-1**				
Leadership – training hours per year in general	19,198	6,086	15,723	41,007
Leadership – training hours per year h/h	32.43	62.10	55.76	42.19
Technical Experts – training hours per year in general	232,402	55,539	55,665	343,606
Technical Experts – training hours per year h/h	57.80	65.50	43.32	55.83
*Not including Apprentices. The turnover was calculated based on total voluntarily dismissed, according to the total number of employees on the last day of the year. **Calculated based on the 102-8 indicator.				

Occupational health and safety

GRI 103-1 | GRI 103-2 | GRI 103-3

The Occupational Safety area organizes regular training courses with employees on the prevention of health and safety risks, according to procedures required and recommended by public authorities and international treaties. In 2019, the Itapevi Unit received the “10<sup>th</sup> Award of Excellence in Occupational Health & Safety”, with the best result in Health & Safety Excellence. GRI 403-5

In 2019, there was an increase in the number of absent days at the units of Momenta, Ribeirão Preto and Itapevi, which ultimately raised safety indicators. The area’s system of Occupational Safety procedures was also restructured to include management of global indicators, including international operations, risk assessments for critical machinery, and inclusion

of Task Safety Analyses in operational areas. A software was acquired in 2019 for complete MSDS management.

Health and Safety Management			
GRI 403-9*   GRI 403-10	2017	2018	2019
Total accidents**	26.00	18.00	31.00
Injury rate	4.50	2.74	3.54
Total days lost	368	100	536
Absenteeism rate***	7	3	2.23
Deaths	0	0	0

\* Considering only Eurofarma and Momenta employees. \*\*Calculation includes CAF and SAF. \*\*\*Absenteeism premises were adjusted in 2019, disregarding absences provided by law



# Commitment to Eco-efficiency and Circularity

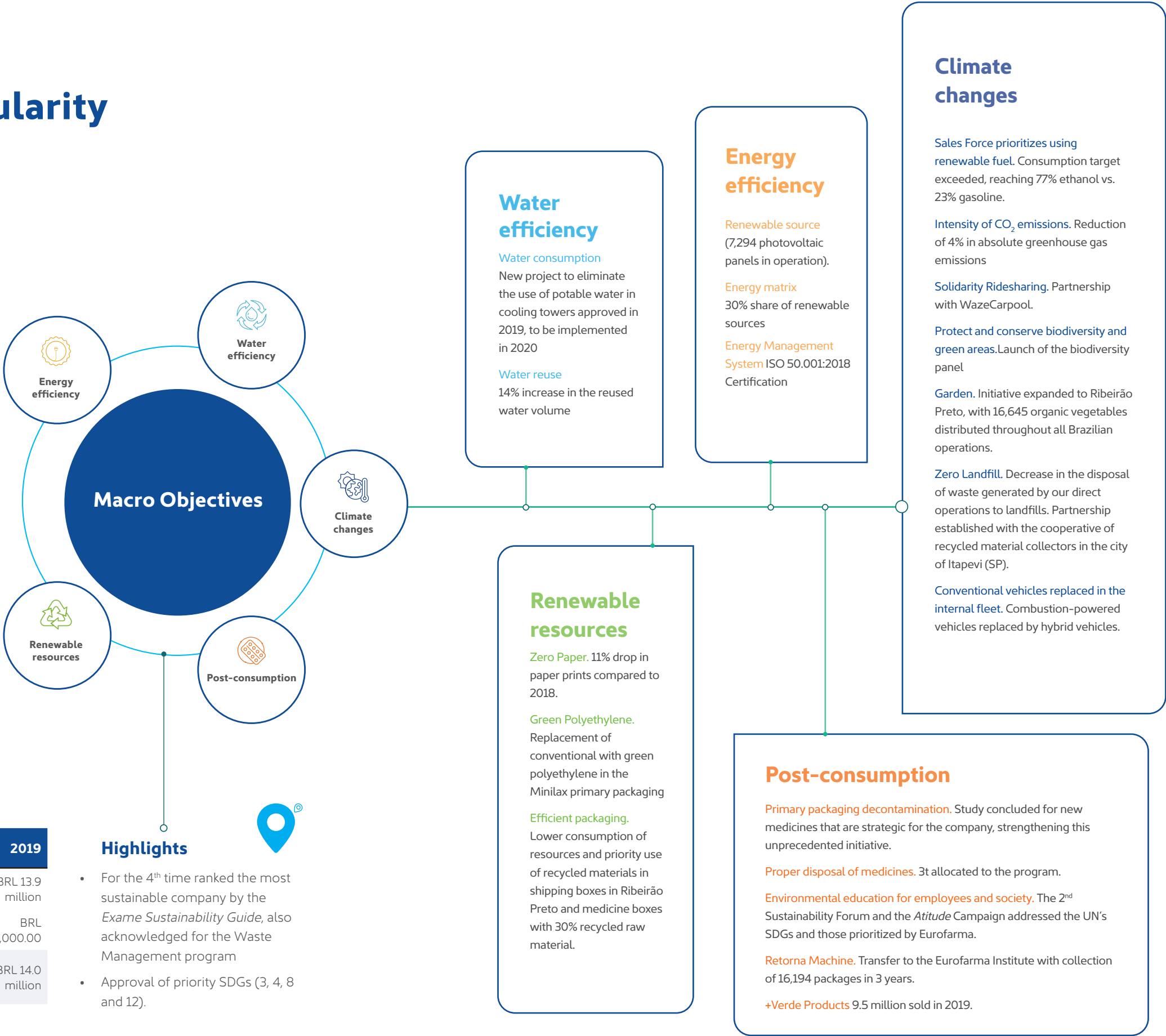
GRI 103-1 | GRI 103-2 | GRI 103-3

Circular economy is a new way to think about how we do and use things. The goal is to eliminate waste and use resources for as long as possible, recovering and reusing materials until the end of their service life.

In the company’s sustainability vision, commitment to environmental balance is directly related to operational excellence. In all manufacturing and commercial operations, the purpose is to reduce the use of natural resources through innovative processes and technologies. Such work is supported by multifunctional committees to ensure the dissemination of practices and the evolution of goals. Sustainability indicators are used to monitor performance along with Strategic Planning, in synergy with the Operations area.

The Environmental Management System for the main operations is certified by the ISO 14.001:2015 standard. In 2019, Eurofarma was the first pharmaceutical industry in Brazil to obtain the ISO 50.001:2018 certification for its Energy Management System in the Itapevi Unit, in the state of São Paulo.

The company’s environmental macro goals, aligned with its Strategic Planning, were set based on UN’s Sustainable Development Goals (SDGs).



Environmental investments	2017	2018	2019
Investments related to the company's production/operations	BRL 9.5 million	BRL 10.8 million	BRL 13.9 million
Investment in external programs and/or projects	BRL 127,000.00	BRL 135,000.00	BRL 115,000.00
Total environmental investments	BRL 9.7 million	BRL 10.9 million	BRL 14.0 million

### Highlights

- For the 4<sup>th</sup> time ranked the most sustainable company by the *Exame Sustainability Guide*, also acknowledged for the Waste Management program
- Approval of priority SDGs (3, 4, 8 and 12).

# Water Efficiency

GRI 103-1 | GRI 103-2

Water is a critical input for the pharmaceutical industry, which is why we carry out innovative water efficiency projects. For 7 years, a public-private partnership has been kept on for the donation of surplus reuse water. The process is supported by Grupo Este and the Itapevi and Jandira Municipal Governments, which use the water in activities such as cleaning public roads.

Over the years, the reuse systems in the Itapevi (SP) and Ribeirão Preto (SP) units have undergone successive improvement processes and the adoption of new technologies, such as the reverse osmosis filtration process. In addition, starting in 2019, we implemented the use of [AMA water](#) in internal events, supporting the network initiative intended to bring drinking water to regions where the resource is scarce in Brazil.



Water Management at Eurofarma Group	2017	2018	2019
Total reused water volume – in megaliters GRI 303-3	50.4	64.1	72.9
Percentage of reused water	40%	41%	37%
Total water discharge – in megaliters GRI 303-4	65.4	100.8	62.6
Total water consumption – in megaliters GRI 303-5	360.6	394.6	483.5
Water donation (public and private partners) – in megaliters	6.6	14.2	7.2
Water withdrawal by source GRI 303-1			
Groundwater – in megaliters	277.5	260.4	286.3
Public supply (utility and tank trucks) – in megaliters	111.2	170.1	223.5

# Energy Efficiency

GRI 103-1 | GRI 103-2

Achieving energy efficiency goals includes reducing consumption and increasing use of renewable energy sources. We boldly invested in a photovoltaic power generation system at the Itapevi unit (SP), which currently features 7,294 solar panels with installed capacity of 2.2 GW. The investment in the project amounts to BRL 9.9 million.

In 2019, the company became the first in Brazil’s pharmaceutical sector to receive ISO 50.001:2018 certification.

It is an international standard that establishes guidelines with a focus on reducing energy expenses and increasing power efficiency.

This will help the company further improve its energy matrix and sustainability results. The sound management of energy use, in addition to contributing positively to issues directly related to the impacts of climate change, may also help businesses build competitive advantage.

Energy Management at Eurofarma Group	2017	2018	2019	
Power consumption – GJ/year	227,486	243,228	293,407	
Photovoltaic energy				
Number of panels	2,001	2,472	1,844	
Generation – kwp	568	804	625	
Energy matrix GRI 302-1				
Non-renewable sources (GJ)	72.3%	72.6%	69.9%	311,975
Natural gas	36.7%	36.6%	34.1%	152,257
Oil by-products	0.1%	0.4%	0.2%	902
Power (utility)	35.4%	35.6%	35.6%	158,816
Non-renewable sources (in GJ)	27.7%	27.4%	30.2%	134,689
Biodiesel	-	-	0.0%	97
Power	27.3%	26.9%	29.5%	3,068
Photovoltaic energy	0.4%	0.4%	0.7%	131,524

\* The calculation of renewable and non-renewable power sources was based on the National Energy Balance (BEN), 2018.



# Climate change

GRI 103-1 | GRI 103-2

## Emissions Management

Climate change management in industrial operations takes place through the greenhouse gas emissions (GHG) inventory, following the GHG Protocol methodology. The surveys assist in the development of internal policies to reduce emissions, for example, with the increasing use of renewable energy sources and the Zero Landfill program. Scope 1 and 2 emissions account for 68.6% of total GHG emissions. In 2019, emissions dropped 4.1% compared to 2018.

GRI 303-5

In addition to managing emissions from stationary sources, the Corporate Fuel Consumption Policy states that the cars used by the Sales Force must be fueled using a ratio of 75% ethanol and 25% gasoline. Since it was instituted in 2009, the adoption of the policy has resulted in a 58% reduction in CO<sub>2</sub> emissions by the fleet through the increase in the use of ethanol.

GRI 305-5

Industrial GHG Emissions Management (in tCO <sub>2</sub> e)	2017	2018	2019
<b>Stationary combustion – Scope 1</b> GRI 305-1	8,015	8,806	8,827
Natural gas	8,001	8,662	8,029
Diesel fuel	14	144	798
<b>Power – Scope 2</b> GRI 305-2	5,814	5,007	4,611
<b>Other Emissions – Scope 3</b> GRI 305-3	8,009	6,600	6,146
Landfill disposal	902	890	808
Treatment through Incineration	735	348	265
Treatment through co-processing	6,372	5,362	5,073
<b>Total emissions</b>	<b>21,838</b>	<b>20,413</b>	<b>19,584</b>
<b>Intensity of GHG emissions</b> GRI 305-4			
Scope 1	0.0205	0.0205	0.0251
Scope 2	0.0149	0.0233	0.0262
Scope 3	0.0205	0.0154	0.0175

Fleet GHG Emissions Management	2017		2018		2019	
	Ethanol	Gasoline	Ethanol	Gasoline	Ethanol	Gasoline
Prescription and Nonprescription Drugs Unit	71%	29%	73%	27%	71%	29%
Generic Drugs Unit	78%	22%	80%	20%	85%	15%
<b>Hospital Unit</b>	78%	21%	78%	22%	76%	24%
<b>Oncology Unit</b>	75%	25%	76%	24%	76%	24%
Veterinary Medicine Unit	82%	18%	82%	18%	80%	20%
Momenta	-	-	-	-	90%	10%
<b>% consumption by fuel type</b>	<b>73%</b>	<b>27%</b>	<b>75%</b>	<b>25%</b>	<b>77%</b>	<b>23%</b>
<b>Total emissions – in tCO<sub>2</sub>e/year</b>		<b>2,731</b>		<b>3,098</b>		<b>3,767</b>
<b>Emissions reduction due to the Policy – in tCO<sub>2</sub>e/year</b>		<b>3,984</b>		<b>4,935</b>		<b>6,030</b>

## Environmental recovery

We maintained the environmental recovery actions carried out near the Taiaçupeba dam in Mogi das Cruzes, São Paulo, with the maintenance of 48,026 trees under the Environmental Recovery Commitment Agreement signed with Cetesb. As of 2019, with the issuing of the environmental license for the new industrial unit in Montes Claros (MG), a new environmental protection area was established for the conservation of local fauna and flora.

Environmental preservation areas
<b>57,298 m<sup>2</sup></b> of protected area in Itapevi (SP)
<b>328,000 m<sup>2</sup></b> of recovered area in Mogi das Cruzes (SP)
<b>32,900 m<sup>2</sup></b> of protected area in Montes Claros (MG)
<b>418,198 m<sup>2</sup></b> of total protected and recovered area



# Renewable resources

## Organic Garden

With a project that combines sustainability, environmental education and health, we built an Organic Garden in an area of 1,000 m², at the Itapevi unit (SP) where vegetables are grown without the use of pesticides. Employees can exchange recyclable material for vegetables. The successful initiative was expanded to the Ribeirão Preto unit (SP) in 2019, occupying an area of 250 m².

In addition to encouraging the practice of healthier habits, the Program resulted in the distribution of 16,645 organic vegetables, 579 of them used in the daycare center, 4,960 in the cafeteria, 22,679 harvested and 728 kg of recycled waste delivered by employees.

## Zero Paper

Created years ago to reduce the amount of paper prints, the Zero Paper Committee was established in 2018 as a working group to implement actions to reduce prints. In 2019, an 11%-reduction was posted against the previous year. The goal of 60% of double-sided prints was also achieved. Further, as part of the quest to eliminate the need for printing, another initiative was devised with the startup Vianuvem, one of those selected from the Synapsis program, focusing on expanding the document scanning process and directly contributing to the Zero Paper Program.

Organic Garden at the Itapevi Industrial Complex (SP)



# Waste Management

GRI 103-1 | GRI 103-2 | GRI 103-3

## Reduction, reuse and recycling

We adopt the best waste management practices in both internal operations and the value chain. Hazardous waste is treated in a priority manner by the co-processing method, considered less polluting because it uses cement kilns for the burning process, with reuse of the released energy. Since 2009, when goals were set to improve the disposal of hazardous waste, the volume assigned to co-processing was expanded, enabling a 91%-rate to be achieved in 2019.

Recycling is also a widespread practice within the company. In the past two years, the recycling rate for non-hazardous waste has been over 64%.

Materials used – in tons GRI 301-1	2018	2019
Metal	200.6	249.6
Plastic	390.8	394.3
Paper	931.8	1,028.4
Glass	279.5	72.4
Recyclable debris	413.0	840.3
Composting	304.3	512.7
Wood	121.6	334.8
Total	2,641.6	3,432.5

Disposal of non-hazardous waste – in tons GRI 306-2	2017	2018	2019	Type of waste
Composting	33.9	318.0	512.7	Organic waste
Reuse/ recovery	5.8	0.4	0.6	Cooking oil
Recycling	1,884.5	2,214.3	2,532.0	Paper, plastic, cardboard, glass, metal, blister and debris
Environmental recovery	84.9	71.1	334.8	Wood
Landfill	1,432.5	742.0	565.3	Non-Recyclable, sludge and debris
Total	3,441.6	3,345.8	3,945.4	

Disposal of hazardous waste – in tons GRI 306-2	2017	2018	2019	Type of waste
Reuse/ recovery	37.6	31.4	58.7	Light bulbs, batteries, lubricating oil, plastic canisters and iron drums, electronic scrap
Environmental recovery (co-processing)	1,106.3	930.9	1,047.7	Industrial waste, tax recovery waste
Incineration (mass burning)	128.8	60.3	47.0	Industrial waste, tax recovery waste, waste collected by the city government
Total	1,272.7	1,022.6	1,153.4	



# Post-consumption

GRI 103-1 | GRI 103-2 | GRI 103-3

## +Verde Products

In 2019, we were featured in the *Exame Sustainability Guide* for our +Verde products, containing guidance on how to decontaminate packages that have come into direct contact with the drug. Consumer are thus able to decontaminate the material at home and separate recyclable waste, such as aluminum and PVC, for selective collection.

The project started with two main products, Astro® (antibiotic) and Selene® (contraceptive). In 2019, it was expanded to other companies of the group, such as Momenta. Units sold in 2019 amounted to 9.5 million, an 97%-increase over 2018.

All recyclable waste disposed of in the company's facilities is reused. The revenue from selling recyclable waste is reverted to social and environmental projects, such as *De Mãos Dadas com a Escola* [Hand in Hand with the School], fully funded by such income. In 2019, 2.1 tons were sold, raising BRL 955,000 in funds which were used to purchase school kits and reimburse books and handouts for the employees' children.

Angela Almeida, Production supervisor

## Medication disposal

Proper medication disposal	2017	2018	2019
Total – in tons	39	42	45
Average – kg/year by store	154	104	97
Number of points	30	31	34



# Relations with Society

GRI 413-1

## Promotion of sports, culture and social actions

Social initiatives are jointly managed and promoted by the Corporate Responsibility and Events area and the Social Responsibility and Culture and Sports Sponsorship committees. Incentives are broken down into direct financial support and the transfer of funds from tax incentive laws for social, culture and sports projects. We work with the goal of investing 100% of funds from incentive laws.

Since 2006, we have allocated BRL 36 million in funds from tax incentive laws to cultural projects – in 2019 alone, BRL 2.1 million.

In the sports area, we make long-term investments such as sponsoring a Stock Car team. In 2019, driver Daniel Serra won the tournament for the third consecutive time, Eurofarma was the best-ranked team again, and driver Ricardo Mauricio took 3<sup>rd</sup> place in the championship, in addition to winning the *Corrida do Milhão* [One-Million Race].

The company invested a total of BRL 16.6 million from its own funds in sports actions in 2019, as well as BRL 476,000 from incentive funds in sponsorships.

The rules for sponsorship actions are set out in our Anti-Corruption Policy. Selected proposals are submitted to the applicable committees for voting on which to support. The Social Responsibility and Events area is responsible for monitoring the projects.



## Investments in social, art and sports actions

**+BRL 1.7 million** allocated to projects developed by NGO and social institutions through tax incentives from programs such as Pronon, Pronas, FIA/Fumcad, Condeca and Fundo do Idoso

**+BRL 16.6 million** from the company's own funds invested in sports and +BRL 476,000 from incentive laws.

**+BRL 10.4 million** invested since 2014 from social laws (FIA/Fumcad, Pronon, Pronas and Fundo do Idoso, and, since 2018, the Condeca law).

**+BRL 816,000** donated to seven health and education organizations carrying out projects in line with the company's social responsibility goals.

**+BRL 2.5 million** on transfers of funds from culture and sport incentive laws in 2019.

## Human Milk Bank Lactare Eye Care Task Force

The initiative stems from the intention to disseminate the importance of breastfeeding and reduce health risks in newborns, in addition to demystifying the topic and encouraging the donation of breast milk. The goal is to process 60 liters of human milk per month to feed about 20 babies in the Neonatal ICU of the Hospital Geral de Itapevi (HGI), where 400 births occur each month.

In an association with the *rBLH – Rede Brasileira de Bancos de Leite* [Brazilian Milk Bank Network], Lactare is distinguished by the home collection service it offers, covering a area of up to 20 km from downtown Itapevi (SP). A total of 91 donor mothers have contributed to the initiative so far, including 64 women who were undergoing treatment at the Itapevi’s general hospital, 25 residents in the community and two contributors, benefiting 175 babies with 162,300 liters of breast milk. The initiative should be extended to other operations.

It is a known fact that vision impairments may affect children’s school performance. With that as focal point, the Broadening Horizons initiative mapped the eye conditions of children from 13 public schools of different neighborhoods in the outskirts of Itapevi (SP), recommended by the local Education Department, and students in the Eurofarma Institute’s *Matéria-Prima* project.

Exams were carried out by board-certified eye doctors. Students with suspected visual impairment underwent more specific tests for a proper diagnosis. Those with actual sight conditions received new pairs of glasses, later delivered at the schools.

In 2019, in addition to regular visits, the project revisited the 24 schools assisted in previous years, totaling 1,301 visits and 205 pairs of glasses delivered.

Eye Care Task Force	2017	2018	2019
Public schools served and Eurofarma Institute units	12	12	13
Number of children mapped	5,408	8,276	6,944
Number of glasses made	2,251	2,507	554
Volunteer contributors to the project	40	57	58

## Eurofarma Institute

The Institute has been operational since 2006 and has already performed over 94,000 direct services, including projects in complementary education for children, training and vocational qualification for young people, adults and the elderly, and

environmental education.

In 2019, a total BRL 13.9 million was invested in the Eurofarma Institute, resulting in over 16,000 services performed in the cities of Itapevi and São Paulo.

Eurofarma Institute Investments and total served	2017	2018	2019
Total investments (in BRL)	BRL 11,380,936	BRL 12,697,000	BRL 13,986,000
Change over previous year	11.3%	11.6%	10.2%
Individuals directly served	10,884	14,253	16,284

Courses for adults provide students with vocational training over a short period of time, in professions with high market demand. The curricula are complemented, in partnership with Sebrae, with training workshops to foster professional reintegration or the opening of micro-businesses.

### Assistant Electrician + NR10 Training

**Length:** 80 hours  
**Extra training:** 18h-course at Sebrae – *Transforme sua Ideia em Modelo de Gestão* [Turn your Idea into a Management Model].  
**Number of seats:** 64 students (4 classes, 16 students each)  
**Attendees age:** 18-45 years old  
**Partners:** Senai and Sebrae

### Nursing technician

**Length:** 1,800 hours  
**Number of seats:** 161\*  
**Attendees age:** 17-29 years old  
**Partner:** Technical School at the Albert Einstein Teaching and Research Institute, maintained by the Sociedade Beneficente Israelita Brasileira Hospital Albert Einstein [Brazilian Israeli Beneficent Society Hospital Albert Einstein], and the Hospital das Clínicas’ Zerbini Foundation.

\*Total for the two classes of the ongoing course and the preparation class.

### Elder caretaker

**Length:** 40h (daily classes for 1 month).  
**Extra training:** 18h-course at Sebrae. *Transforme sua Ideia em Modelo de Gestão*  
**Number of seats:** 61 students  
**Attendees age:** 18-45 years old  
**Partner:** Senac

### Waste in Utilities: workshop with recycled material

**Length:** 12 hours  
**Number of seats:** 67 (6 classes, 10-12 students each)  
**Attendees age:** 60 years old or older  
**Partner:** Associação Amigos do Meio

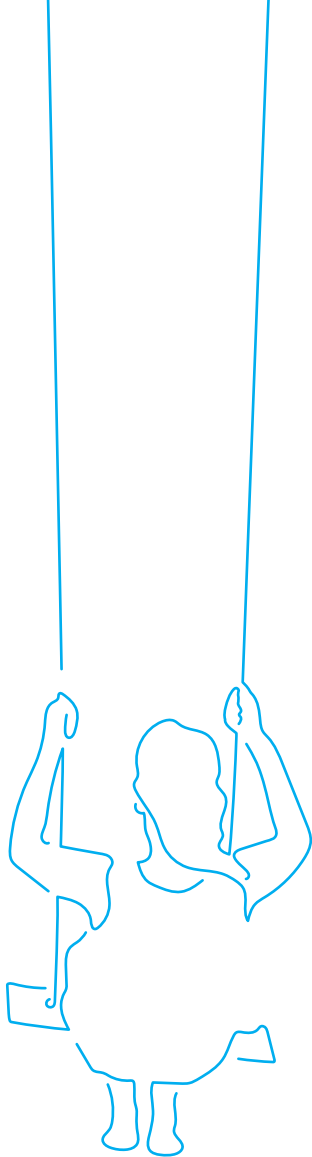


# Matéria-Prima Project

## Where children learn how to learn

The *Matéria-Prima* project offers activities during the non-school period of the day for children from 7 to 14 years of age enrolled in public schools in São Paulo and Itapevi. The goal is to reduce school impairments with a program focusing on Mathematics and Portuguese. The method relies on playful learning to stimulate the children's reading and logical reasoning capabilities.

Each student is assessed at the beginning and end of the year through a methodology called *Marco 0 e Marco 1*, which enables measuring the effectiveness of activities and the learning curve. Such evaluation follows parameters that make up the Basic Education Development Index (IDEB). The average evolution rate at the end of the year reached 14%.



Matéria-Prima São Paulo

Results	2017	2018	2019
Permanent students	255	250	250
Agenda aberta and Recreio nas Férias	4,569	5,837	7,861

Learning Evolution in 2019  
(Average per course/ unit)

São Paulo	Portuguese	Mathematics
Former students	17.69%	17.09%
New students	34.82%	19.07%

Matéria-Prima Itapevi

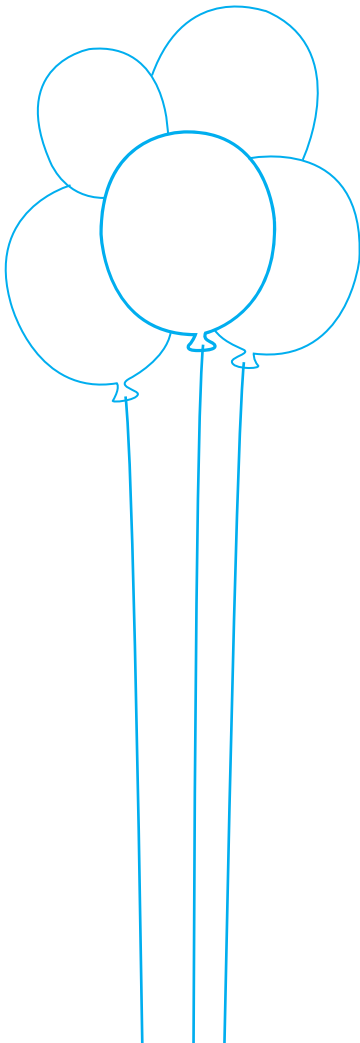
Results	2017	2018	2019
Permanent students	120	125	125

Itapevi	Portuguese	Mathematics
Former students	10.66%	10.87%
New students	35.40%	36.00%

## Dental Office

### Care for our children's smile

In March 2019, Eurofarma Institute opened an office at the headquarters of Matéria-Prima project's São Paulo branch. With state-of-the-art equipment and specialized volunteers, service is provided on a weekly basis, as we already do at the industrial and administrative units. They all feature an outpatient clinic and rely on nursing technicians. A new step now is taken so that the children assisted by the Institute – and, in the future, young people also – can have access to better oral healthcare services.



Student at the Eurofarma Institute, Heitor Silva, with his father, Fabio Patricio da Silva, and Raphaela Muñoz Romero, volunteer dentist at the dental office.



# De Olho no Enem

## [Looking to the National High School Exam]

### A bridge to university education

The Eurofarma Institute refers young students attending its social projects for interviews with Human Resources to fill jobs offered within the young apprentice program. In 2009, 100% of apprentices hired by the company were referred by the EI, allowing the promotion of social inclusion among students and their families through professional training and broader access to the job market. This is the case of Nathan de Souza Virgulino, a former student who started working at Eurofarma as a young apprentice and is now an intern.

He took his first Managing Techniques course at the Institute in 2017, in addition to attending regular school and a vocational course in Logistics at Etec. On a certain occasion, his class was asked about having a medium-term plan. He promptly raised his hand and said, "I'm going to take the Financial Management course here at EI to decide whether I'm going to pursue a career in the financial area, and

then I'm going to participate in the *De Olho no Enem* and attend a renowned university".

The following year, his plan came true. He started attending both courses, prepared himself and was accepted to the Economics course at Faculdade Federal do ABC (UFABC) – the fourth best in the Brazil according to the US News ranking.

As if that were not enough, he was invited by the Institute's coordination for an interview for the position of treasury apprentice in the new Shared Services Center. He was approved and, after eight months of contract, he was promoted as an intern at the tax department and, then, back to Treasury again.

"To get where we want, we need to have clear values and respect our peers, regardless of our relationship with them. When we turn our dreams into goals and set clear targets, we manage to exceed our own expectations", Nathan ensures.

Treasury employees, Vanessa Sampaio, coordinator, and Nathan Virgulino, intern



# De Olho na Etec

## [Looking to Etec]

### Vocational support

Preparatory course intended for 9<sup>th</sup> grade students from public schools who are interested in participating the recruitment process for the São Paulo State Technical School and the São Paulo Federal Institute that offer, in addition to the regular high school course, technical education, allowing students to learn a profession as soon as they finish regular education. In 2019, 25 students were approved out of a total of 77 graduates, accounting for a 32.5% approval rate – an increase compared to 16% in 2018.

# English

## Language that paves new ways

In a partnership with Centro Britânico, we have been offering an English course since 2014. Selected public school students earn a one-year scholarship to attend classes with a focus on conversation. In case of good performance, the scholarship is maintained for the pre-intermediate (50 seats) and intermediate (25 seats) level.


Results	2017	2018	2019
Individuals served	125	125	125

# Access to Culture

## A door opener for good moments

Through culture, citizens are able to access the artistic manifestations of the culture to which they are integrated and acquire a repertoire and a critical eye. For this reason, we distribute tickets for major theater shows to students, teachers from partner public schools and their families, providing moments of culture and leisure. Milena Cristina de Oliveira was one of the students granted. She has been attending the Institute since she was eight years old, having started in the Matéria-Prima Itapevi program.


"There I learned and experienced incredible moments. I had access to culture, music, dance, theater (presenting and attending shows with family members), arts, sports, computing, games, the environment... ". Subsequently, she took Pete, was approved and is attending a Nursing Technician course. "In my view, the Eurofarma Institute cares and fosters Brazilian culture and provides its employees and us, students, with leisure, along with our family".



**240 tickets for students**  
to attend the play *Meu Destino é Ser Star*.



**124 tickets for the community**  
to attend the play *Grandes Nomes da MPB - O Musical*.



**430 movie tickets**  
at the Cinemark network distributed to our students.



# Matéria-Prima

## 2<sup>nd</sup> Generation

### Making their own future

Project developed to help the transition between the complementary education offered by Matéria-Prima and the professional initiation courses. The goal is to improve the learning capacity of young people between 13 and 16 years of age, and to foster reflections on the future, during a four-month program. After completing Matéria-Prima 2ª Geração, the Eurofarma Institute team presents young people with an array of courses for their professional initiation.

Results	2017	2018	2019
Individuals served	71	70	70

# Educar para Reciclar

## [Educate to Recycle]

### Fostering our virtuous circle

The Educar para Reciclar project was expanded and five new partner schools were added, including the Association of Parents and Friends of the Disabled (Apae) in Itapevi, which received containers for the selective collection of recyclable materials – of which the amount obtained from the sale is donated to the cooperative. Schools were already engaged in the project used the financial contribution to improve their premises, such as a building a video and reading room, or expand their didactic resources available for students.

Results	2017	2018	2019
Financial contribution to schools	BRL 50,045	BRL 43,512	BRL 63,636
Number of schools trained	40	40	44
Number of schools with participants	40	40	44
School professionals trained	79	80	130

### Youth and adult training

The following youth training courses are also offered: Digital Technology and Graphic Design; Conect@ and Link Informática (computing); Managing Techniques; Marketing and Communications; Financial Administration and Excel; Office Assistance; Storekeeping; Quality Inspection and Autonomous Maintenance Mechanic Assistance.

### Itapevi Mais Verde Program

Practical experience in environmental education, conducted at the Paulo de Abreu State School with public school students, attended by 565 students.

Awareness-raising among the school community acquired a playful aspect through the *Educar para Reciclar* board game. The goal is to help students understand what it is and how to separate recyclable waste in containers, introduce them to the 5R Sustainability principles, as well as foster their engagement and, consequently, their parents' and school community's, when it comes to recycling.

# De Mãos Dadas com a Escola

## [Hand in Hand with the School]

This project adds incentives to recycling and educational assistance to benefit employees and service providers with children attending elementary school.

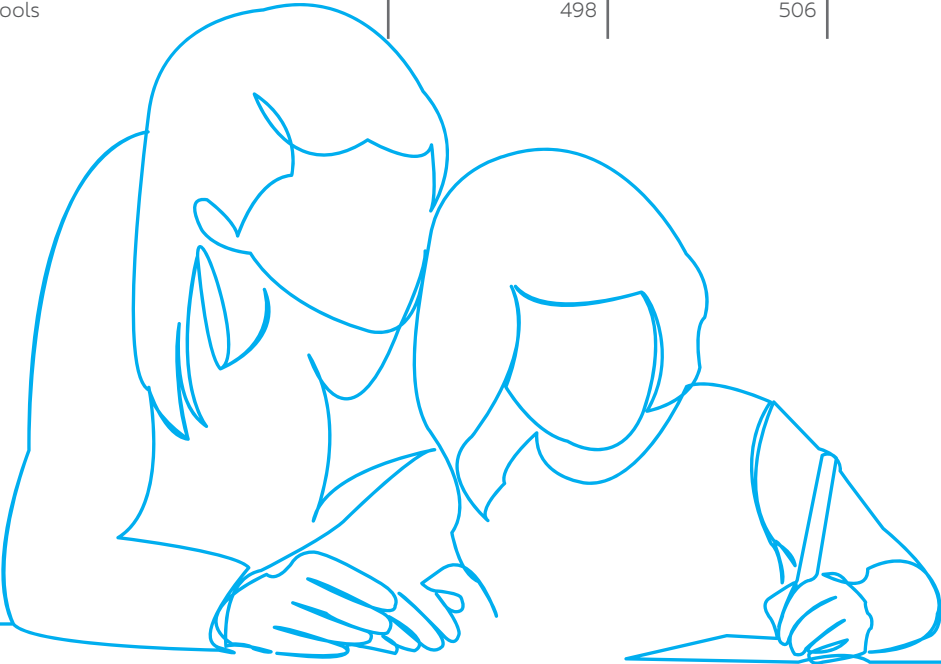
The project provides for the transfer of funds obtained from the sale of recycled materials collected by Eurofarma for the purchase of school supplies.

In 2019, we donated 3,000 school kits to children who were victims of the Brumadinho incident, with an investment of BRL 271,000.

In recent years, the percentage of students who were accepted to a university was around 72%, including some of the country's main institutions, such as Universidade de São Paulo (USP).

Results	2017	2018	2019
Number of kits distributed	BRL 2,742	BRL 2,898	BRL 3,372
Investment in school kits	BRL 277,221	BRL 253,819	BRL 332,717
Refund of kits and handouts	BRL 240,782	BRL 231,138	BRL 354,248
Total investment value	BRL 518,003	BRL 484,957	BRL 686,965

Results	2017	2018	2019
Preparation course at Eurofarma Institute	160	160	160
Workshops at public schools	498	506	512





6

**ECONOMIC  
AND FINANCIAL  
PERFORMANCE**





# Economic and Financial Results

The year 2019 was a challenging year for our business. However, despite the adverse macroeconomic scenario, Eurofarma managed to post the highest turnover in its history, with its gross revenue amounting to BRL 5.6 billion, up 29% over 2018, and net sales totaling BRL 4.8 billion GRI 102-7.

Ebitda remains increasing, having closed the year at BRL 906.9 million. The credit rating was

maintained at AAA, according to one of the three largest credit risk agencies in the market.

Despite the devaluation of the Brazilian real against the US dollar during the year, our consolidated results show a gross margin increase from 69.2% in 2018 to 69.4% in 2019, as a consequence of better efficiency in the transformation cost and the positive effect on the product mix.

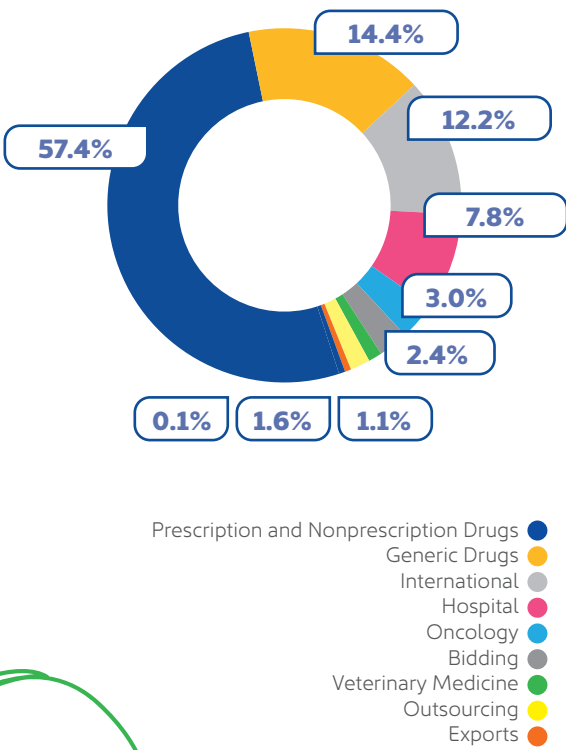
DVA in millions of BRL GRI 201-1	2013	2014	2015	2016	2017	2018	2019
Economic value generated and distributed	1,388	1,612	1,819	2,243	2,371	2,650	3,235
Distribution of added value							
Human Resources	634.9	748.0	849.0	1,004.8	1,052.6	1,182.6	1,477.6
Interest/rents	135.1	108.9	164.5	96.4	74.3	84.8	185.4
Taxes	459.1	572.2	602.7	790.6	876.0	888.7	992.7
Dividends	38.1	44.0	48.7	224.9	191.7	214.2	214.9
Withholding	122.5	141.4	156.5	126.2	176.9	279.8	327.6
Share of non-controlling shareholders	-2.0	-2.4	-2.2	-50.0	-316.0	-267.0	36.7

## Maintaining growth above the market

Over the past 15 years, the company recorded an average annual growth of 16.3%, consistently above the industry's overall performance. The industry's growth rate was 11.4% in 2019. In Brazil, the average receipt period of sales to customers is 52 days, while the average retail inventory at major distributors is 43 days. Investments in operational excellence totaled BRL 337 million in the reporting year.

The economy in Brazil, the company's major market, remains challenging. The country's unemployment rate stood at 11% in 2019. The pharmaceutical sector is sharply impacted by such indicator, as higher formal employability rates provide the population with greater access to private health plans and pharmaceutical assistance.

% Consolidated Sales (Eurofarma Group)



Financial Statements

GRI 102-7

BALANCE SHEETS AS OF DECEMBER 31, 2019 AND DECEMBER 31, 2018  
(IN THOUSANDS OF BRAZILIAN REAIS)

	Parent Company		Consolidated			Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018		12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Assets</b>					<b>Liabilities</b>				
<b>Current</b>					<b>Current</b>				
Cash and cash equivalents	268,380	132,894	399,494	188,122	Suppliers	200,238	180,441	289,068	204,213
Accounts receivable from customers	595,170	503,856	839,767	568,321	Loans and financing	58,181	60,149	58,712	60,640
Inventories	637,533	544,386	886,793	686,287	Lease operations	16,229	14,387	23,322	17,593
Financial instruments	-	-	1,682	-	Right-of-use lease	31,573	-	57,038	-
Current tax assets	56,895	37,922	76,649	63,149	Salaries, provisions and social contributions	119,457	109,207	170,230	137,392
Recoverable income tax and social contribution	51,493	17,413	62,169	17,513	Income tax and social contribution payable	-	-	37,014	8,351
Advance for future capital increase	12,739	893	9	9	Current tax liabilities	1,507	6,580	11,838	20,980
Other accounts receivable	51,237	56,629	40,065	34,224	Special installments	254	1,587	254	1,587
					Employee profit sharing	70,938	99,822	116,719	122,057
					Dividends payable	88,196	79,086	88,255	79,142
					Anticipation of dividends from subsidiaries	201	22,851	-	22,851
					Other accounts payable	101,591	129,444	187,223	402,866
<b>Total current assets</b>	<b>1,673,447</b>	<b>1,293,993</b>	<b>2,306,628</b>	<b>1,557,625</b>	<b>Total current liabilities</b>	<b>688,365</b>	<b>703,554</b>	<b>1,039,673</b>	<b>1,077,672</b>
<b>Non-Current</b>					<b>Non-Current</b>				
<b>Long-term realizable</b>					<b>Loans and financing</b>				
Accounts receivable from customers	54,005	-	567	-	Lease operations	904,575	135,239	905,082	136,209
Current tax assets	7,155	5,614	7,361	5,820	Right-of-use lease	11,965	9,854	24,734	12,628
Deferred tax assets	-	-	76,697	29,350	Deferred tax liabilities	70,355	-	157,606	-
Deposits for resources	22,632	21,881	28,432	24,228	Special installments	23,153	29,718	29,167	38,000
Escrow deposits	-	-	-	141	Provision for contingencies	1,502	-	1,502	-
Other accounts receivable	-	988	729	85	Accounts payable investment	54,758	40,104	96,784	44,064
	83,792	28,483	113,786	59,624	Accounts payable investment	46	46	46	46
					Other accounts payable	3,400	5,800	3,400	6,254
					Provision for capital deficiency	2,345	18,650	-	17,815
					<b>Total non-current liabilities</b>	<b>1,072,099</b>	<b>239,411</b>	<b>1,218,321</b>	<b>255,016</b>
<b>Shareholders' equity</b>					<b>Shareholders' equity</b>				
Investments	1,301,806	876,098	1,977	34,991	Share capital	1,332,908	1,323,570	1,332,908	1,323,570
Property, Plant and Equipment	989,697	887,195	1,253,969	1,083,679	Profit reserve	1,115,752	874,431	1,115,752	874,431
Right-of-use lease	98,559	-	208,758	-	Cumulative conversion adjustments	30,351	35,881	30,351	35,881
Intangible Assets	45,697	45,066	849,306	784,820	Equity valuation adjustments	(37,879)	(37,414)	(37,879)	(37,414)
					Capital reserve	(8,598)	(8,598)	(8,598)	(8,598)
<b>Total non-current assets</b>	<b>2,519,551</b>	<b>1,836,842</b>	<b>2,427,796</b>	<b>1,963,114</b>	<b>Shareholders' equity attributable to the controlling shareholders</b>	<b>2,432,534</b>	<b>2,187,870</b>	<b>2,432,534</b>	<b>2,187,870</b>
						-	-	43,896	181
					<b>Total shareholders' equity</b>	<b>2,432,534</b>	<b>2,187,870</b>	<b>2,476,430</b>	<b>2,188,051</b>
					<b>Total liabilities and shareholders' equity</b>	<b>4,192,998</b>	<b>3,130,835</b>	<b>4,734,424</b>	<b>3,520,739</b>
<b>Total assets</b>	<b>4,192,998</b>	<b>3,130,835</b>	<b>4,734,424</b>	<b>3,520,739</b>					

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018 (IN THOUSANDS OF BRAZILIAN REAIS)

	Parent Company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Net revenue</b>	3,444,992	3,055,881	4,828,144	3,701,854
Cost of products sold	(1,352,157)	(1,131,359)	(1,622,718)	(1,249,969)
<b>Gross profit</b>	<b>2,092,835</b>	<b>1,924,522</b>	<b>3,205,426</b>	<b>2,451,885</b>
Sales expenses	(1,063,350)	(940,869)	(1,755,047)	(1,282,403)
Administrative expenses	(409,023)	(365,397)	(569,165)	(470,531)
Impairment of accounts receivable	(1,466)	(2,135)	903	(1,108)
Employee profit sharing	(61,088)	(86,279)	(101,627)	(104,773)
Other revenue	41,049	58,065	71,584	64,628
Other expenses	(55,879)	(33,707)	(110,713)	(49,239)
<b>Income before net financial income (expenses) and taxes</b>	<b>543,078</b>	<b>554,200</b>	<b>741,361</b>	<b>608,459</b>
Financial income	15,629	15,629	20,375	16,104
Financial expenses	(57,200)	(18,735)	(70,543)	(23,154)
Monetary and exchange variations, net	(7,262)	(388)	(26,438)	(16,627)
<b>Financial expenses, net</b>	<b>(48,833)</b>	<b>(3,494)</b>	<b>(76,606)</b>	<b>(23,677)</b>
<b>Equity income</b>	<b>93,650</b>	<b>29,962</b>	<b>8,882</b>	<b>10,998</b>
<b>Income before income tax and social contribution</b>	<b>587,895</b>	<b>580,668</b>	<b>673,637</b>	<b>595,780</b>
Current income and social contribution taxes	(51,934)	(110,218)	(133,073)	(139,572)
Deferred income tax and social contribution	6,565	21,436	38,677	35,409
<b>Net income for the year</b>	<b>542,526</b>	<b>491,886</b>	<b>579,241</b>	<b>491,617</b>
<b>Result assigned to</b>				
Controlling shareholders	542,526	491,886	542,526	491,886
Non-controlling shareholders	-	-	36,715	(269)

EBITDA RECONCILIATION – CONSOLIDATED			
In thousands of BRL	2019	2018	Var.%
<b>Net income</b>	<b>579,241</b>	<b>491,617</b>	<b>18%</b>
(+) Income Tax and Social Contribution	94,396	104,163	-9%
(+) Net Financial Result	76,606	23,677	224%
(+) Depreciation and Amortization	156,617	94,304	66%
<b>EBITDA</b>	<b>906,860</b>	<b>713,761</b>	<b>27%</b>
<b>EBITDA % Net Revenue</b>	<b>19%</b>	<b>19%</b>	

The Financial Statements were audited by KPMG Auditores Independentes and the complete versions are available on the Eurofarma Laboratórios S.A. website.

GlauCIA Cristina Sartori Coliath – Accountant CRC ISP 159.824/O-1

As of 1/1/2019, Eurofarma Laboratórios began to consolidate Supera Farma Laboratórios. Gross sales reached BRL 5.6 billion (29% growth compared to 2018). Growth is 15% excluding Supera Farma.



# Assurance Letter

GRI 102-54



KPMG Financial Risk & Actuarial Services Ltda.  
Rua Arquiteto Olavo Redig de Campos, 105, 6° piso - Torre A  
04711-904 - São Paulo/SP - Brasil  
Caixa Postal 79518 - Código Postal 04707-970 - São Paulo/SP-  
Brasil Teléfono +55 (11) 3940-1500  
kpmg.com.br

## Informe de garantía limitada de los auditores independientes

Al Consejo de Administración, Accionistas y otras partes interesadas  
**Eurofarma Laboratórios S.A.**  
São Paulo - SP

### Introducción

Fuimos contratados por Eurofarma Laboratórios S.A. (Eurofarma o "Compañía") con el objetivo de aplicar procedimientos de garantía limitada sobre la información de sostenibilidad divulgada en el Informe Integrado Anual 2020 (año base 2019), de Eurofarma Laboratórios S.A., relativa al año finalizado el 31 diciembre de 2019.

### Responsabilidades de la administración de Eurofarma Laboratórios S.A.

La administración de Eurofarma es responsable de la elaboración y presentación de manera adecuada de la información de sostenibilidad divulgada en el Informe Integrado Anual 2020 (año base 2019), de acuerdo con los estándares para Informe de Sostenibilidad de Global Reporting Initiative - GRI y con los controles internos que se determinaron como necesario para permitir la preparación de esta información sin distorsiones materiales, independientemente de si es causada por fraude o error.

### Responsabilidad de los auditores independientes

Nuestra responsabilidad es expresar una conclusión sobre la información divulgada en el Informe Integrado Anual 2020 (año base 2019), basada en el trabajo de garantía limitada realizado de acuerdo con los estándares para Informe de Sostenibilidad de Global Reporting Initiative - GR y la metodología desarrollada globalmente por KPMG para garantizar la información socioambiental divulgada en informes de sostenibilidad, denominada KPMG Sustainability Assurance Manual - KSAM, aplicable a la información no financiera histórica.

Estas normas requieren el cumplimiento de exigencias éticas, incluyendo requisitos de independencia, y que el trabajo se lleve a cabo con el objetivo de obtener una garantía limitada de que la información divulgada en el Informe Integrado Anual 2020 (año base 2019), en su conjunto, no presenta distorsiones relevantes.

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Un trabajo de garantía limitada se lleva a cabo de acuerdo con los estándares para Informe de Sostenibilidad de Global Reporting Initiative - GRI y la metodología KPMG Sustainability Assurance Manual - KSAM, y consiste principalmente en consultas a la administración de Eurofarma Laboratórios S.A. y a otros profesionales de la Compañía que están involucrados en la preparación de la información que consta en el Informe Integrado Anual 2020 (año base 2019), así como la aplicación de procedimientos analíticos para obtener evidencias que nos permitan concluir en forma de garantía limitada la información de sostenibilidad en su conjunto. Un trabajo de garantía limitada también requiere la ejecución de procedimientos adicionales, cuando el auditor independiente toma conocimiento de asuntos que lo llevan a creer que la información divulgada en el Informe Integrado Anual 2020 (año base 2019), en su conjunto, puede presentar distorsiones relevantes.

Los procedimientos seleccionados se basaron en nuestra comprensión de los aspectos relacionados con la compilación, materialidad y presentación de la información que consta en el Informe Integrado Anual 2020 (año base 2019), y de otras circunstancias del trabajo y de nuestra consideración sobre áreas y sobre los procesos asociados con informaciones materiales de sostenibilidad divulgadas en el Informe Integrado Anual 2020 (año base 2019), en el que podrían existir distorsiones relevantes. Los procedimientos incluyeron:

- (a) planificación de los trabajos: consideración de la materialidad de los aspectos para las actividades de Eurofarma Laboratórios S.A., de la relevancia de la información divulgada, del volumen de información cuantitativa y cualitativa y de los sistemas operativos y de controles internos que sirvieron de base para la elaboración del Informe Integrado Anual 2020 (año base 2019) de Eurofarma Laboratórios S.A. Este análisis definió los indicadores que serán testeados en detalle;
- (b) comprensión y análisis de la información divulgada en relación con la forma de gestión de los aspectos materiales;
- (c) análisis de los procesos para la elaboración del Informe Integrado Anual 2020 (año base 2019) y de su estructura y contenido, basado en los Principios de Contenido y Calidad de los estándares para Informe de Sostenibilidad de Global Reporting Initiative - GRI (GRI Standards);
- (d) evaluación de los indicadores no financieros incluidos en la muestra:
  - comprensión de la metodología de cálculo y de los procedimientos para la compilación de los indicadores a través de entrevistas con los gestores responsables de la preparación de la información;
  - aplicación de procedimientos analíticos sobre la información cuantitativa y consultas sobre la información cualitativa y su correlación con los indicadores divulgados en el Informe Integrado Anual 2020 (año base 2019) de Eurofarma;
  - análisis de evidencias que respaldan la información divulgada;
- (e) análisis de la razonabilidad de las justificaciones de las omisiones de indicadores de desempeño asociados con aspectos y temas identificados como materiales en el análisis de materialidad de la Compañía;
- (f) comparación de los indicadores de naturaleza financiera con los estados financieros y/o registros contables.

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Creemos que la información, las evidencias y los resultados obtenidos en nuestro trabajo son suficientes y apropiados para fundamentar nuestra conclusión de manera limitada.

#### **Alcance y limitaciones**

Los procedimientos aplicados en un trabajo de garantía limitada son sustancialmente menos extensos que los aplicados en un trabajo de garantía razonable. En consecuencia, no nos permiten obtener seguridad de que somos conscientes de todos los asuntos que se identificarían en un trabajo de garantía razonable, que tiene como objetivo emitir una opinión. Si hubiéramos realizado un trabajo de garantía razonable, podríamos haber identificado otros asuntos y posibles distorsiones que pueden existir en la información contenida en el Informe Integrado Anual 2020 (año base 2019) de Eurofarma Laboratórios S.A.

Los datos no financieros están sujetos a más limitaciones inherentes que los datos financieros, dada la naturaleza y la diversidad de los métodos utilizados para determinar, calcular o estimar estos datos. Las interpretaciones cualitativas de materialidad, relevancia y precisión de los datos están sujetas a suposiciones individuales y a juicios.

Además, no hemos realizado ningún trabajo sobre los datos informados de los períodos anteriores, para evaluar la adecuación de sus políticas, prácticas y desempeño de sostenibilidad, ni tampoco en relación con las proyecciones futuras.

#### **Conclusión**

Sobre la base de los procedimientos llevados a cabo, descritos en este informe, nada nos llamó la atención que nos llevaría a creer que la información que consta en el Informe Integrado Anual 2020 (año base 2019) de Eurofarma Laboratórios S.A. no se compiló, en todos los aspectos relevantes, de acuerdo con los estándares para Informe de Sostenibilidad de Global Reporting Initiative - GRI/ (GRI-Standards) y con los registros y archivos que sirvieron de base para su preparación.

São Paulo, 15 de abril de 2020

KPMG Financial Risk & Actuarial Services Ltda.

  
Ricardo Algis Zibas  
Socio Director

KPMG Financial Risk & Actuarial Services Ltda., una sociedad brasileña simple, con responsabilidad limitada, y firma miembro de la red KPMG de firmas miembro independientes y afiliadas KPMG International Cooperative ("KPMG International"), una entidad suiza.

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# GRI Index

GRI 102-55

General aspects	Page, description, or link	
GRI 102: 2016 General Aspects	Strategy	
	102-14 – Statement from the President	Page 10
	Profile	
	102-1 – Name of the organization	Eurofarma Laboratórios S.A.
	102-2 – Activities, brands, products and services	Eurofarma exclusively trades products that are authorized by local health authorities, the Brazilian Health Regulatory Agency (Anvisa) and other international health authorities. If there are any restrictions in other markets, those are disregarded for export. Eurofarma operates in the Prescription, Non-Prescription, Hospital, Generic Drug, Oncology and Veterinary Medicine markets
	102-3 – Location of the organization's headquarters	Page 14
	102-4 – Location of operations	Pages 14 and 15.
	102-5 – Organization's ownership and legal form	Limited Company.
	102-6 – Markets served	Pages 14 and 15.
	102-7 – Scale of the organization	Pages 13, 14, 15, 28 to 37, 82 and 82
	102-8 – Information on employees and other workers	Page 58.
	102-9 – Supply chain	Page 47.
	102-10 – Significant changes to the organization and its supply chain	In 2019, a majority stake in Supera Rx was acquired in January and the Interlagos (SP) and Rio de Janeiro (RJ) units were closed throughout the year.
	102-11 – Precautionary Principle	Risk management and impact reduction guide the company's strategic planning and business conduction across operations.
	102-12 – External initiatives	Eurofarma Institute; Exame Sustainability Guide; Global Compact; Ethos Institute.
	102-13 – Membership of associations	Sindusfarma - Sindicato da Indústria de Produtos Farmacêuticos no Estado de São Paulo [Pharmaceutical Products Industry Union in the State of São Paulo]; Grupo Farma Brasil; PróGenéricos - Associação Brasileira das Indústrias de Medicamentos Genéricos [Brazilian Generic Medicine Drugmakers Association]; Abiquifi - Associação Brasileira da Indústria Farmoquímica e de Insumos Farmacêuticos [Brazilian Association of Pharma-Chemical Industry and Pharmaceutical Inputs]; Abifina - Associação Brasileira das Indústrias de Química Fina, Biotecnologia e suas Especialidades [Brazilian Association of Fine Chemical Industries, Biotechnology and its Specialties]; Amcham - Câmara Americana de Comércio [American Chamber of Commerce]; Abiad - Associação Brasileira da Indústria de Alimentos para Fins Especiais e Congêneres [Brazilian Association of the Food Industry for Special Purposes and the Like]; MBC - Movimento Brasil Competitivo [Competitive Brazil Movement]; CNI - Brazilian National Confederation of Industries; Câmara de Comércio Árabe-Brasileira [Arab-Brazilian Chamber of Commerce]; Câmara de Comércio e Indústria Brasil China [Brazil-China Chamber of Commerce and Industry].

General aspects	Page, description, or link	
GRI 102: 2016 General Aspects	Ethics and Integrity	
	102-16 – Values, principles, standards and norms of behavior	Page 28.
	102-17 – Mechanisms of advice and concerns about ethics	Pages 28 and 50.
	Governance	
	102-18 – Governance structure	Pages 50 and 51.
	Stakeholder engagement	
	102-40 – List of stakeholder groups	Employees, consumers, distributors, pharmacies, drugstores, suppliers, doctors and healthcare providers, business partners and others.
	102-41 – Collective bargaining agreements	Page 58.
	102-42 – Identifying and selecting stakeholders	GRI Content – Materiality Process.
	102-43 – Approach to stakeholders engagement	Engagement actions intended specifically for the preparation of this report are described on page 5. Other engagement and dialogue initiatives, carried out throughout the year, and segmented by audience are described on pages 44 to 46 (medical community), 58 to 61 (employees ), 47 (suppliers), 71 to 79 (society), 52, 55 to 57 (customers and consumers).
	102-44 – Key topics and concerns raised	Materiality Process – Page 5; Positive Impacts – Pages 44 to 46.
	Reporting practices	
	102-45 – Entities included in the consolidated financial statements	All subsidiaries of the Eurofarma Group.
	102-46 – Defining report content and topic Boundaries	Page 5.
	102-47 – List of material topics	Page 5.
	102-48 – Restatements if information	None for the period.
	102-49 – Changes in reporting	None for the period.
	102-50 – Reporting period	From January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2019.
	102-51 – Date of most recent report	2018
	102-52 – Reporting cycle	Annual.
	102-53 – Contact point for questions regarding the report	comcorp@eurofarma.com.br
	102-54 – GRI report type	This report was prepared in accordance with the GRI Standards, essential option
	102-55 – GRI Index	Pages 88 and 93.
	102-56 – External assurance	Pages 86 and 87.

Material topics	Page, description, or link	
Quality of Life		
-	103-1 – Explanation of the material topic and its Boundary	Pages 52 and 53.
	103-2 – The management approach and its components	Pages 52 and 53.
Safe products		
GRI 416 and 417 – Customer Health and Safety	103-1 – Explanation of the material topic and its Boundary	Pages 54 and 55.
	103-2 – The management approach and its components	Pages 54 and 55.
	103-3 – Evaluation of the management approach	Pages 54 and 55.
	416-1 - Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Pages 54 and 55
	416-2 – Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period by types of results	Page 54.
	103-2 – The management approach and its components	Page 54.
	417-1 – Type of information about products and services required by labeling procedures, and the percentage of products and services subject to such requirements	Page 54.
	417-2 – Total nuber of incidents of non-compliance with regulations and/or voluntary codes concerning information and labeling of products and services by types of results	Page 54.
Commitment to the Patient		
GRI – Customer Health and Safety	103-1 – Explanation of the material topic and its Boundary	Pages 55 and 57.
	103-2 – The management approach and its components	Pages 55 and 57.
	103-3 – Evaluation of the management approach	Pages 55 and 57.
	416-1 – Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Pages 54 and 55

Material topics	Page, description, or link	
Fostering Knowledge and Engagement		
GRI 404 – Training and Education	103-1 – Explanation of the material topic and its Boundary	Pages 59 and 61.
	103-2 – The management approach and its components	Pages 59 and 61.
	103-3 – Evaluation of the management approach	Pages 59 and 61.
	404-1 – Average hours of training per year per employee by gender and functional category	Pages 60 and 61.
	404-3 –Percentage of employees receiving regular performance and career development reviews by gender and functional category	Page 61.
Occupational Health and Safety		
GRI 403 – Occupational Health and Safety	103-1 – Explanation of the material topic and its Boundary	Page 61.
	103-2 – The management approach and its components	Page 61.
	103-3 – Evaluation of the management approach	Page 61.
	403-5 – Worker training on occupational health and safety	Page 61.
	403-9 – Number and rate of work-related deaths and injuries	Page 61.
	403-10 – Number and rate of work-related deaths and ill health	Page 61.
Water Efficiency		
GRI 303 – Water	103-1 – Explanation of the material topic and its Boundary	Page 64.
	103-2 – The management approach and its components	Page 64.
	303-3 - Breakdown of total water withdrawal by source type, including water stress areas	Page 64.
	303-4 – Breakdown of total water discharge by source type, including water stress areas	Page 64.
	303-5 – Total water consumption	Page 64.
Energy Efficiency		
GRI 302 – Energy	103-1 – Explanation of the material topic and its Boundary	Page 65.
	103-2 – The management approach and its components	Page 65.
	302-1 – Energy consumption within the organization	Page 65.
	302-3 – Energy intensity	Page 65.
	302-4 – Reduction of energy consumption	Page 65.



# Editorial and Production Credit



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Material topics	Page, description, or link	
GRI 305 – Climate Change	103-1 – Explanation of the material topic and its Boundary	Page 66.
	103-2 – The management approach and its components	Page 66.
	305-1 – Direct (Scope 1) greenhouse gas (GHG) emissions	Page 66.
	305-2 – Indirect (Scope 2) greenhouse gas (GHG) emissions	Page 66.
	305-3 – Indirect (Scope 3) greenhouse gas (GHG) emissions	Page 66.
	305-4 – Greenhouse gas (GHG) emissions intensity	Page 66.
	305-5 – Reduction of greenhouse gas (GHG) emissions	Page 66.
<b>Waste Management and Post-consumption</b>		
GRI 306 – Waste	103-1 – Explanation of the material topic and its Boundary	Pages 69 and 70.
	103-2 – The management approach and its components	Pages 69 and 70.
	103-3 – Evaluation of the management approach	Pages 69 and 70.
	GRI 306-2 Waste by type and disposal method	Pages 69 and 70.
<b>Relations with Society</b>		
GRI 413 – Communities	103-1 – Explanation of the material topic and its Boundary	Pages 71 and 79.
	103-2 – The management approach and its components	Pages 71 and 79.
	103-3 – Evaluation of the management approach	Pages 71 and 79.
	413-1 – Community engagement	Pages 71 and 79.
<b>Responsible Supplier Chain</b>		
GRI 204 – Procurement Practices	103-2 – The management approach and its components	Page 47.
	103-3 – Evaluation of the management approach	Page 47.
	204-1 – Percentage spent on local suppliers in significant operation units	Page 47.
GRI 201 – Economic Performance	201-1 – Direct economic value generated and distributed	Page 82.

# Ibase Statement

Eurofarma Laboratórios S.A.	2017			2018			2019		
1 - Calculation basis	Amount (thousands of BRL)			Amount (thousands of BRL)			Amount (thousands of BRL)		
Net revenue (RL)	2,555,416			3,055,881			3,444,992		
Operating income (RO)	473,764			580,668			587,895		
Gross payroll (FPB)	802,221			913,933			992,289		
2 - Internal social indicators	Amount (thousand)	% over FPB	% over RL	Amount (thousand)	% over FPB	% over RL	Amount (thousand)	% over FPB	% over RL
Food *	13,776	1.72%	0.54%	14,496	1.59%	0.47%	39,860	4.02%	1.16%
Compulsory social charges	171,851	21.42%	6.72%	203,291	22.24%	6.65%	258,007	26.00%	7.49%
Private pension	10,642	1.33%	0.42%	11,016	1.21%	0.36%	13,314	1.34%	0.39%
Health	42,251	5.27%	1.65%	50,783	5.56%	1.66%	59,877	6.03%	1.74%
Occupational safety and health *2	4,183	0.52%	0.16%	5,375	0.59%	0.18%	5,001	0.50%	0.15%
Education	669	0.08%	0.03%	554	0.06%	0.02%	551	0.06%	0.02%
Culture	0	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%
Professional training and development	3,877	0.48%	0.15%	4,247	0.46%	0.14%	5,527	0.56%	0.16%
Daycare centers or daycare assistance	1,665	0.21%	0.07%	1,949	0.21%	0.06%	2,120	0.21%	0.06%
Profit or income sharing	83,295	10.38%	3.26%	100,375	10.98%	3.28%	70,938	7.15%	2.06%
Others *3	8,112	1.01%	0.32%	8,632	0.94%	0.28%	8,954	0.90%	0.26%
Total - Internal social indicators	340,321	42.42%	13.32%	400,718	44%	13%	464,149	47%	13%
3 - External social indicators	Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL
Education	10,489	2.21%	0.41%	11,742	2.02%	0.38%	12,619,387	2146.54%	366.31%
Culture	2,421	0.51%	0.09%	3,265	0.56%	0.11%	2,113	0.36%	0.06%
Health and sanitation	2,162	0.46%	0.08%	2,537	0.44%	0.08%	2,094,730	356.31%	60.81%
Sports	15,784	3.33%	0.62%	16,950	2.92%	0.55%	16,611	2.83%	0.48%
Fighting hunger and food security	39	0.01%	0.00%	48	0.01%	0.00%	48,050	8.17%	1.39%
Others	35	0.01%	0.00%	58	0.01%	0.00%	60,050	10.21%	1.74%
Total contributions to society	30,930	6.53%	1.21%	34,600	5.96%	1.13%	14,840,940	2524.42%	430.80%
Taxes (excluding social charges)	525,880	111.00%	20.58%	553,986	95.40%	18.13%	463,494	78.84%	13.45%
Total - External social indicators	-494,950	-104.47%	-19.37%	-519,386	-89%	-17%	14,377,446	2446%	417%
4 - Environmental indicators	Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL
Investments related to the company's production/operations	9,530	2.01%	0.37%	10,772	1.86%	0.35%	13,939	2.37%	0.40%
Investment in external programs and/or projects	127	0.03%	0.00%	136	0.02%	0.00%	114	0.02%	0.00%
Total environmental investments	9,657	2.04%	0.38%	10,908	1.88%	0.36%	14,053	2.39%	0.41%
As for the establishment of "annual goals" to minimize production/operation overall waste and consumption, as well as to increase efficiency in the use of natural resources, the company:	() meets 0 to 50% of the goals (x) meets 76 to 100% of the goals ( ) has no goals ( ) meets 51 to 75% of the goals			(x) meets 0 to 50% of the goals ( ) meets 76 to 100% of the goals ( ) has no goals ( ) meets 51 to 75% of the goals			(x) meets 0 to 50% of the goals ( ) meets 76 to 100% of the goals ( ) has no goals ( ) meets 51 to 75% of the goals		



IBASE STATEMENT

Eurofarma Laboratórios S.A.	2017			2018			2019		
5 - Staff indicators	2017			2018			2019		
Number of employees at the end of the period	4,332			4,861			4,754		
Number of hires in the period	397			940			547		
Number of outsourced employees	394			521			560		
Number of interns	57			84			84		
Number of employees over 45 years of age	622			924			927		
Number of women working in the company (internally)	1,092			1,226			1,234		
Number of women working in the company (externally)	278			326			293		
% of management positions held by women (internally)	55.56%			53.91%			50.30%		
% of management positions held by women (externally)	0.91%			1.96%			2.13%		
Number of black individuals working in the company	831			967			1,022		
% of management positions held by black individuals	5.95%			6.43%			5.09%		
Number of individuals with disabilities or special needs	166			166			160		
6 - Relevant information regarding the practice of corporate citizenship	2017			2018			2019		
Ratio between the highest and the lowest salary in the company	69,94			69,93			69,89		
Total number of work-related accidents	26			18			31		
The social and environmental projects developed by the company were set by:	( ) directors	(x) directors and managers	( ) all employees	( ) directors	(x) directors and managers	( ) all employees	( ) directors	(x) directors and managers	( ) all employees
Safety and health standards in the work environment were set by:	(x) directors and managers	( ) all employees	( ) all of the above + Internal Accident Prevention Commission (CIPA)	(x) directors and managers	( ) all employees	( ) all of the above + Internal Accident Prevention Commission (CIPA)	(x) directors and managers	( ) all employees	( ) all of the above + Internal Accident Prevention Commission (CIPA)
As for union freedom, the right to collective bargaining and the internal representation of workers, the company:	( ) does not get involved	(x) follows the ILO standards	( ) encourages and follows ILO recommendations	( ) does not get involved	(x) follows the ILO standards	( ) encourages and follows ILO recommendations	( ) does not get involved	(x) follows the ILO standards	( ) encourages and follows ILO recommendations
Private pension is offered to:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
Profit or income sharing is offered to:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
In selecting suppliers, the same ethical and and social and environmental responsibility standards adopted by the company:	( ) are not considered	(x) are suggested	( ) are required	( ) are not considered	(x) are suggested	( ) are required	( ) are not considered	(x) are suggested	( ) are required
As for the engagement of employees in volunteer work, the company:	( ) does not get involved	( ) supports it	(x) will organize and encourage it	( ) does not get involved	( ) supports it	(x) will organize and encourage it	( ) does not get involved	( ) supports it	(x) will organize and encourage it
Total number of consumer complaints and claims:	to the company: 4,140	at the Consumer Protection and Defense Autarchy (Procon) 0	in Court: 6	to the company: 5,132	at the Consumer Protection and Defense Autarchy (Procon) 0	in Court: 6	to the company: 5,592	at the Consumer Protection and Defense Autarchy (Procon) 0	in Court: 9
% of complaints and claims assisted or solved:	by the company: 94%	by the Consumer Protection and Defense Autarchy (Procon) 0%	in Court: 0%	by the company: 96%	by the Consumer Protection and Defense Autarchy (Procon) 0%	in Court: 0%	by the company: 99.5%	by the Consumer Protection and Defense Autarchy (Procon) 0%	in Court: 0%
Total added value to be distributed (in thousands of BRL):	In 2017: 1,832,193			In 2018: 2,111,984			In 2019: 2,231,501		
Distribution of added value (DVA)	35% government 42% employees 10% shareholders 3% third parties 10% withheld			33% government 41% employees 10% shareholders 3% third parties 13% withheld			29% government 41% employees 10% shareholders 5% third parties 13% withheld		
5 - Staff indicators									
1 - In the "Food" field, the following expenses are considered: Meal and Food Vouchers, Employee Meals. 2 - Investments in occupational safety and health; costs of personal protective equipment and the fire network (Itapevi) are considered. 3 - The figures refer to the sum of the amounts allocated to parking, life insurance, transportation vouchers, fuel and charter expenses.									
4 - Investments include payroll for the Environmental Management area. 5 - 20% of the total investment amount corresponds to the Itapevi Water Reuse project and was disbursed in 2009 and 2010. As the Project was inaugurated in 2011, the company chose to report such investment in this report. 6 - Considers black and mixed ethnicity individuals.									



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