

ESG REPORT 2021



Committed to Innovation
for a Healthier World



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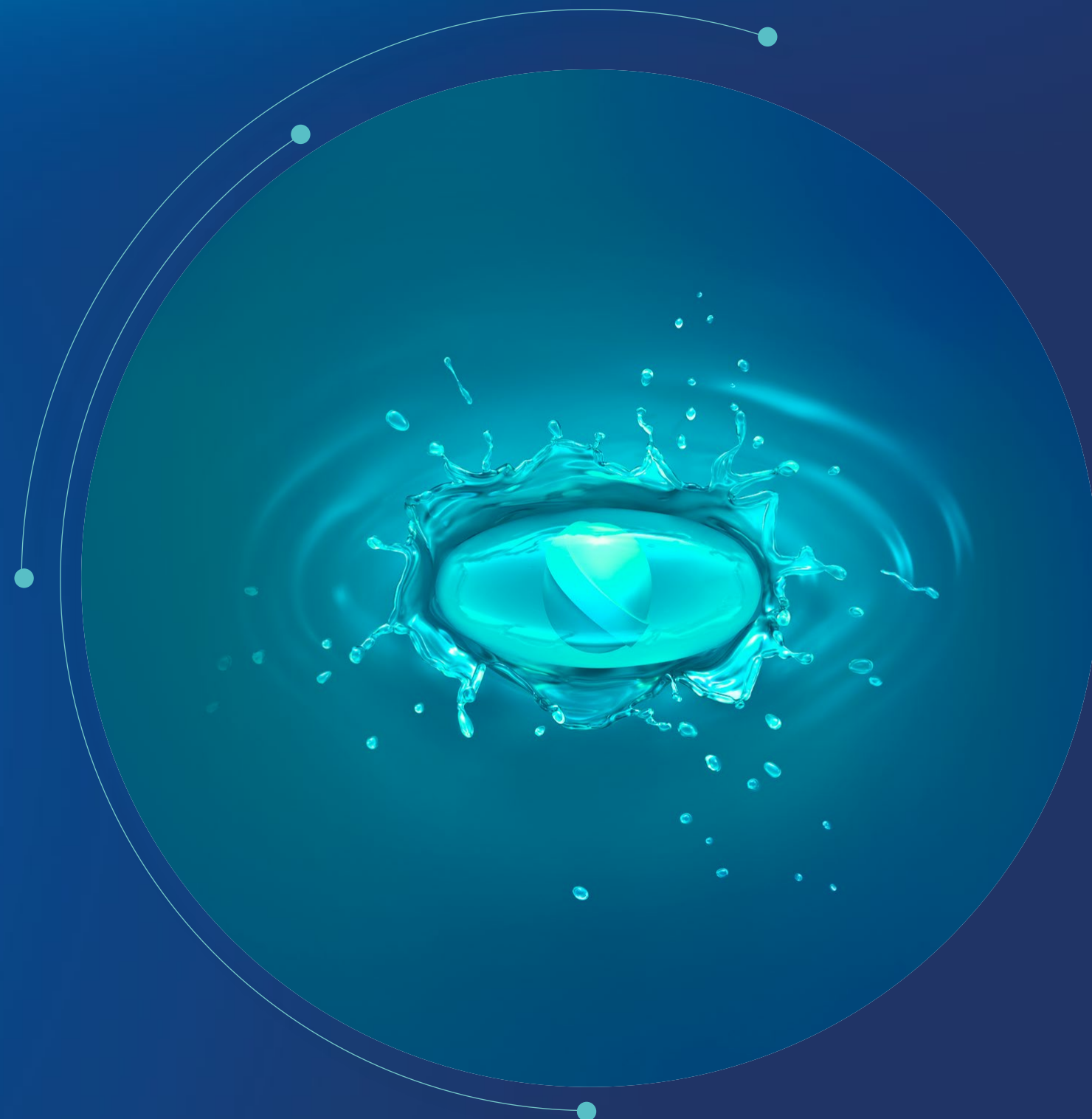
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ABOUT PROCAPS GROUP

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- ▶ Innovative Technology & Health Solutions
- ▶ Sustainability Strategy





Message from Management

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I am pleased to present our 2021 ESG Report and share that in 2021, Procaps Group not only met patients’ needs but also achieved its main goals and results, proving the company’s significant progress. Our performance is the result of a vision and corporate principles that, since our inception, have placed human beings at the center of our decisions. We focus our efforts on contributing to the improvement of humanity’s health, through innovative solutions.

2021 was a year in which the consequences of the COVID-19 pandemic became more globally evident. In the corporate arena, many organizations were affected by these consequences, including disrupted supply chains, higher inflationary levels, and rising interest rates. All these factors contributed to an environment of uncertainty and volatility.

The pandemic caused significant changes in the behavior of our markets, leading to logistical complications during the mandatory quarantine periods. In addition, changes in the supply and price of raw materials posed a major challenge. Despite this scenario, we successfully overcame these challenges due to the high capacity for innovation that distinguishes us and to our strong and committed team of more than 4,900 employees who reacted quickly and efficiently, allowing for Procaps Group to become an increasingly resilient organization.

Our commitment to improving the health of humanity is not limited to the communities in which we are present today; rather, we have a vision of making a global impact. Therefore, we work every day to extend our reach and impact. By the end of 2021, we were present in 13 countries in the Americas, and our products were present in more than 50 markets. We have seven manufacturing facilities, including a plant in West Palm Beach, Florida, which we recently acquired to expand our presence in the US. In 2020 and 2021, we invested approximately USD 10.4M in manufacturing facility improvements and expansion projects.

As a result of all of the above activities, our financial performance in 2021 was outstanding. Compared to 2020, the 2021 fiscal year’s net revenue increased by 23.6% to USD 409.7M, and the adjusted EBITDA increased by 17.8% year-over-year to USD 99.7M.

But the highlight of the year was the listing of our shares on Nasdaq after a successful business combination with Union Acquisition Corp. II. We raised USD 160M that will be primarily used to fund our organic growth through capacity expansion, plant upgrades, and working capital investments, in addition to strategic acquisitions. We are now further enabled to focus on strategic roll-ups and consolidation in the region that we believe will drive an accelerated competitive position and value creation.

Research and Development

Our considerable capacity for innovation has allowed us to expand our diversified product portfolio further, and our Oral Delivery Systems provide significant differentiation in the market. Creativity and innovation are in our DNA, and we use these skills not only in developing new products and services, but also in improving our manufacturing processes and delivery technologies.

This drives our commitment to generate reliable, distinct, and high-quality health solutions that meet the expectations of our stakeholders, contribute to well-being of patients, strengthen integral development, and ensure our competitiveness in the market. R&D investment is equivalent to 4.0% of our net revenue, and we intend to keep it in this level for the following years.

As of December 31, 2021, our R&D team had developed 500+ pharmaceutical product formulations, resulting in an average of 150+ new products—including more than 50 first-time launch ones—per year over the past three years. The renewal rate continues to evolve as R&D investments increase. New product sales in 2021 totaled USD 96.3M in net revenue, accounting for approximately 23.5% of our net revenue for the same period.



RUBEN MINSKI
CEO PROCAPS GROUP

Sustainability Strategy

The essence of Procaps Group is to be a socially responsible company, and under this vision, we focus on generating value for all of our stakeholders. Environmental, Social, and Corporate Governance (ESG) management is a core pillar of Procaps Group’s corporate strategy.

The sustainability strategy is based on a solid governance structure, compliance with good governance standards, an ethical business culture, and risk management. These are critical elements for the development of a responsible and financially sustainable business.

Ensuring patient and employee safety is the foundation of our ethical responsibilities. We carefully monitor the safety, efficacy, and quality of our products that meet regulatory requirements, and strive to exceed expectations of patients, customers, investors, health professionals, and other stakeholders.

We are also committed to protecting and preserving the environment. This is why we have a comprehensive environmental management system through which we have developed and implemented efficient energy, and water consumption and waste management mechanisms. Moreover, in 2021, we began drafting a carbon neutrality strategy. This first associated exercise involved the calculation of the carbon footprint at the Barranquilla, Colombia facility, which has the highest production volume of all our facilities.

For us, business development is inherently linked to social development, especially when considering the communities in which we operate. As a result, Procaps Group continues strengthening its positive social impact in partnership with the Procaps Foundation. The Foundation emphasizes community empowerment by offering training programs focused on healthy living, environmental care, leadership, and entrepreneurship to residents living in the main areas impacted by the company’s operations.

In 2021, the Procaps Foundation made donations exceeding USD 0.3M donated more than 15.6 thousand products, and benefited 13.8 thousand people directly and more than 147.3 thousand people indirectly in Barranquilla and Bogota, Colombia.

Through these sustainable actions and constant investment in R&D, we envision a future of continued growth in our business units.

True to our essence, we will continue to operate sustainably, be an excellent ally of the countries in which we are present to support people’s health, contribute to the protection of the environment, and safeguard our financial structure and profitability at all times, guided by the impeccable ethical behavior that distinguishes us.

On behalf of our employees and our Board of Directors, we express our deep gratitude to our shareholders, customers, and all our stakeholders for their trust, without which it would not have been possible to achieve our objectives. We will continue our commitment to innovation for a healthier world.

RUBEN MINSKI
CEO PROCAPS GROUP





Our Business

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Corporate Profile

At Procaps Group, we are dedicated to delivering health, nutrition, and innovation through the development of pharmaceutical and nutraceutical solutions, medicines, and hospital supplies. We are making a significant impact on global health, with our products being used in over 50 countries worldwide.

We are primarily engaged in developing, producing, and marketing products and services within the following five categories:

- Integrated Contract Development and Manufacturing Organization (iCDMO)
- Generic prescription (Rx) pharmaceutical products
- Over-the-counter (OTC) products
- Clinical Specialties
- Diabetrics

With more than 40 years of experience, we are a leading integrated international healthcare and pharmaceutical company. Together with our 4,900+ employees, we have adopted a sustainable work model and, have a direct presence in Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and the United States

Four strategic cornerstones underpin our business model. These make up the foundations that support the generation of stakeholder value and drive growth.



1) State-of-the-art manufacturing capabilities

Our advanced manufacturing capabilities enable us to provide innovative delivery technologies and offer extensive scientific expertise via more than 300 scientists, technicians, and skilled personnel, and over 500 formulations. Our manufacturing capabilities have also allowed us to develop more than 150 new products, including more than 50 first-time product launches, per year over the last three years.



2) Regional footprint and vertical integration

Our regional footprint and vertical integration create organic growth opportunities and synergies. We currently operate seven manufacturing facilities in Latin America, and sell and distribute products to over 50 distinct markets. On December 31, 2021, we acquired our first US-based Softgel production facility and R&D center, located in West Palm Beach, United States.



3) Rx and OTC pharmaceutical product portfolio

Driven by our proprietary delivery systems, our Rx and OTC pharmaceutical product portfolio allows us to focus on the development and sale of premium and high-growth pharmaceutical products.



4) Extensive track record in business growth and development

Our fourth foundational strength is our proven track record in developing new businesses and growth via mergers and acquisitions. For example, Diabetrics has been incubated in-house, and we have completed several successful acquisitions throughout Latin America.

On September 29, 2021, we finalized a business combination with Union Acquisition Corp II, which resulted in our ordinary shares and warrants being listed on the NASDAQ Global Market on September 30, 2021, under the symbols "PROC" and "PROCW," respectively.

Procaps Group at a Glance

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New challenges, endless opportunities

Procaps Group

44 year-old
company that has a start-up mentality

Seven
manufacturing facilities

4,993
collaborators

Presence in 13
countries in the Americas

50+ markets
worldwide reached with our products

4% of our
net revenue equals our investment in R&D

Leading
manufacturer of advanced Softgel-related technologies

23.5% of our
net revenues come from new product sales

Vertical integration
that provides patented oral drug delivery technology and manufacturing capabilities

Largest pharmaceutical
iCDMO in Latin America and top five globally in terms of Softgel production capacity*

launch of 150+
products annually, supported by in-house R&D capabilities, including in-depth scientific expertise

Net Revenues

2020	USD 331.5M
2021	USD 409.7M

Adjusted EBITDA*

2020	USD 84.6M
2021	USD 99.7M

*For further information please [review 20F](#)

Environmental

4 plants
experienced energy efficiency gains in 2021

Almost 30%
of total waste was diverted from disposal

54.5% of the total energy
consumed in the Barranquilla facility was self-generated as in 2021 we completed the construction and implementation of a self-generation power plant in this facility

Social

Since 2013
the Procaps Foundation has been operating to guarantee healthy living and to promote healthy habits in communities

The Procaps Foundation
donated USD 294,122 and benefited 36,838 people directly and 147,352 people indirectly in 2021

39.9% of the
total manager and director positions are held by women

2,300+ employees
comprise our Corporate Volunteers group. In 2021 they contributed 1,320 volunteer hours, an increase of 88% compared to 2020

Governance

Focused on maintaining
a strong history of abiding by Environmental, Social, and Governance (ESG) principles

4,100 employees
were informed and trained on our ethics and conduct policies and procedures

Committed to
the United Nations' Sustainable Development Goals

Manufacturing Facilities

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We currently operate seven manufacturing facilities in Colombia, Brazil, El Salvador and the United States, with sales offices in 13 countries, supporting product sales in five continents. In 2021, we completed the acquisition of an FDA-approved pharmaceutical production facility located in West Palm Beach, United States, from Strides Pharma, Inc. Currently, we have a corporate capability to manufacture 690 million of softgel capsules per month.

Between 2020 and 2021, we invested approximately USD 10.4M in manufacturing facility improvement and expansion projects.

Our manufacturing operations focus on employee health and safety, regulatory compliance, operational

excellence, continuous improvement, and process standardization. As a result, in 2021, we achieved 91% on-time shipment delivery versus customer request date across our network. Our manufacturing operations are based on an enterprise management philosophy and methodology that utilizes principles and tools common to several quality management programs and standards, including current Good Manufacturing Practices (cGMP), International Organization for Standardization (ISO), the Business Alliance for Secure Commerce, and the Authorized Economic Operator program.

Where required, our manufacturing facilities are certified by several regulatory entities, including the U.S. Food and Drug Administration (FDA), Health Canada, the United Kingdom’s Medicines and Healthcare products Regulatory Agency (MHRA), Australia’s Therapeutic Goods Administration (TGA), Mexico’s Federal Commission for Protection against Sanitary Risks (Spanish acronym: COFEPRIS).



Procaps Barranquilla — Barranquilla, Colombia

Located in the city of Barranquilla in Colombia, the Procaps Barranquilla plant is our primary manufacturing facility. The total built area spans 35,200 m², of which approximately 8,200 m² is manufacturing plant floor space. Softigel, Farma Procaps, and VitalCare products are manufactured at this plant, including tablets, powders, blisters, liquids, nutritional products, Softgel capsules, hormonal soft capsules, and hard capsule products. The installed capacity of this facility is 360 million units of Softgel, for Farmix is 7 million units, and 57 million units of hormonal products per month.

Certified in GMP by INVIMA, FDA, Health Canada, COFEPRIS, ANVISA, MHRA, TGA, DIGEMID, and DNM. Certified by INVIMA in GLP, and by ICONTEC in ISO 9001:2015, ISO 14001:2015, Biosecure Operations, and Zero Waste (“Basura Cero” in Spanish).

Procaps Barranquilla Installed capacity per month	
Softgel	360 million units
Farmix	7 million units
Hormonal products	57 million units

RymcoMedical — Barranquilla, Colombia

The RymcoMedical facility is located in the city of Barranquilla in Colombia. The 10,300 m² lot has approximately 11,650 m² of floor space. This facility was acquired as part of Procaps Group’s 2015 asset acquisition of Rymco S.A. It currently manufactures products associated with our Clinical Specialties brand, namely single-use medical products, such as syringes, needles, infusion equipment, face masks, and surgical clothing (personal protective equipment). The installed capacity of this facility is 67.1 million units per month.

Our RymcoMedical manufacturing facility is certified by INVIMA in CCAA and CCS, by ANMAT in GMP for medical devices, and by ICONTEC in ISO 13485:2016 and Biosecure Operations.

RymcoMedical Installed capacity per month	
	67 million units





Funtrition — Bogotá, Colombia

Our Funtrition manufacturing facility is located in Bogotá, Colombia. The approximately 2,900 m² lot has approximately 1,400 m² of floor space. The products manufactured in this facility are associated with our Softigel brand and include gummies-related technologies for OTC products and nutraceuticals. The installed capacity is 250 tons, or approximately 1.3 million units per month.

Certified by INVIMA in GMP, Organic Certification by NSF, and obtained Halal Certification.

Pharmayect — Bogotá, Colombia

Located in the city of Bogotá, Colombia, the Pharmayect manufacturing facility is situated on a 18,700 m² lot and has approximately 13,070 m² of floor space. It manufactures Clinical Specialties brand products, including vials, blisters, syringes, injection vials, and sterilized powder products. The installed capacity of this facility is 11.5 million units per month.

Certified by INVIMA in GMP and GLP, and by ICONTEC in ISO 9001: 2015 and Biosecure Operations.

Procaps S.A. de C.V. — San Salvador, El Salvador

Our Procaps S.A. de C.V. manufacturing facility, which includes both the Procaps S.A. de C.V. (formerly Laboratorios López) and Biokemical S.A. de C.V. manufacturing plants, is located in San Salvador, El Salvador, on an approximately 20,270 m² lot that has approximately 7,950 m² of floor space.

This facility was acquired as part of Procaps Group’s acquisition of Laboratorios López and Biokemical S.A. de C.V. in 2014. Its products fall under our Farma Procaps and VitalCare brands, and include multiple dosage form products. The installed capacity of this facility is approximately 15,300 kg of solids, 61,600 L of liquids, 5,000 kg of semisolids, 3,300 kg of semisolid beta-lactams, and 400 kg of solid beta-lactams per month.

Procaps S.A. de C.V. manufacturing facility is certified by El Salvador’s National Directorate of Drugs (Spanish acronym: DNM).

Softcaps — São Paulo, Brazil

The Softcaps manufacturing facility is located in an industrial complex in the city of Cotia in the state of São Paulo. The 9,034 m² lot has approximately 5,560 m² of floor space. There are two buildings: one houses the administrative offices, warehouse, and quality control laboratory, and the other contains the production areas and cafeteria. This facility manufactures products associated with our Softigel brand, including Softgel Capsule products. The installed capacity is 180 million units per month.

The Softcaps facility is cerfied in GMP by ANVISA.

Funtrition

Installed capacity per month

1 million units

Pharmayect

Installed capacity per month

11 million units

	Colombia		
	USA		U.S. FOOD & DRUG ADMINISTRATION
	Canada		Santé Canada Health Canada
	Mexico		Comisión Federal para la Protección contra Riesgos Sanitarios
	Brazil		Agência Nacional de Vigilância Sanitária
	UK		Medicines and Medical Devices
	Saudi Arabia		الهيئة العامة للغذاء والدواء Saudi Food & Drug Authority
	Argentina		Administración Nacional de Medicamentos, Alimentos y Tecnología Médica
	Australia		Therapeutic Goods Administration Health Safety Regulation
	Peru		DIRECCIÓN GENERAL DE MEDICAMENTOS, INSUMOS Y DROGAS
	El Salvador		



Procaps, San Salvador, El Salvador

Sofgen Facility – West Palm Beach, USA

On December 31, 2021, we completed the acquisition of an 86,000 ft² pharmaceutical production facility located in West Palm Beach, United States, from Strides Pharma, Inc. The newly acquired facility has a production capacity of approximately 150 million capsules per month. This facility also has development and analytical testing capabilities. The primary assets included in the acquisition were several Softgel encapsulation lines, critical support systems, automated packaging line capabilities, and development facilities, including pilot and scale-up capabilities.

This facility is certified in GMP by FDA

Sofgen

Installed capacity per month

150 million units



Corporate Culture

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The Procaps Group corporate culture is a unifying force that encompasses our purpose, mission, vision, and values. Together, these have enabled us to create a robust corporate identity and motivate us to do our best every day.

Our Just Cause: To contribute to the improvement of Humanity's health, through innovative solutions.

We are Purpose-Driven

We strive to serve and inspire the people around us by offering innovative healthcare solutions that, demonstrated by their value and intrinsic quality, can contribute to improving the health of the communities with which we interact.

Mission

Our focus is on improving health, offering medicines and services that meet international quality standards while being innovative and accessible. We aim to create a healthy society by providing education on healthy living habits.

We believe success is achieved when we exceed our customers' and suppliers' expectations. We establish and nurture alliances to create a fair and equitable environment.

We seek to create a business with harmonic growth that is based on a corporate governance code, a solid ethical foundation, and a strong financial performance, that provides sustained economic value for our shareholders, making tangible improvements to human living conditions.

We continually improve by supporting the development of human talent within our corporation, providing our employees with training and promotion opportunities.

We are committed to the development and well-being of the community, to building a healthier environment, and to the preservation and sustainable development of the environment.

We know, respect, and learn from our competitors and seek to excel, within a framework of solid ethical principles.

Vision

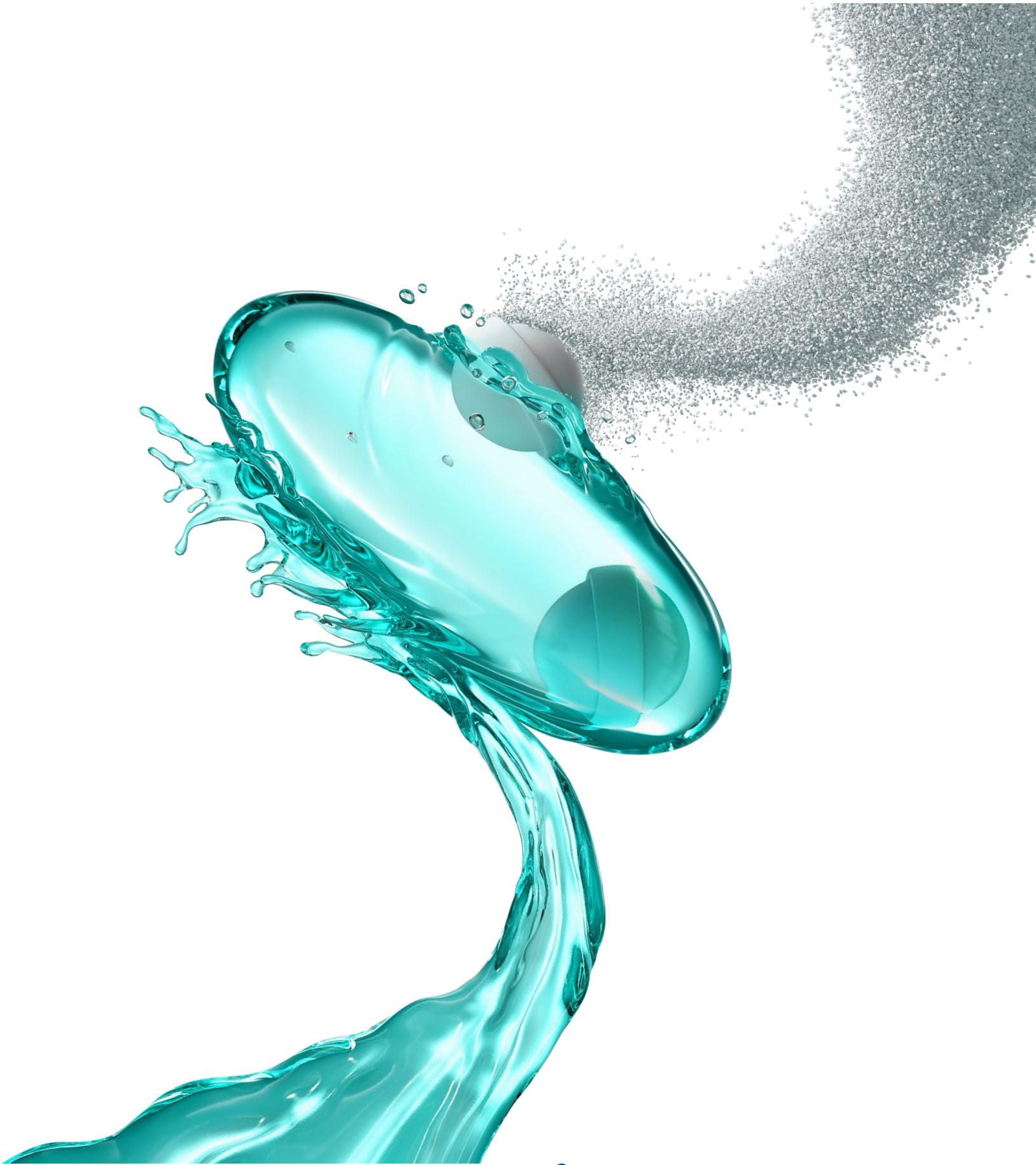
We strive to be a financially sustainable Corporation, emphasizing our efforts to minimize working capital requirements, and generate double-digit growth in sales and EBITDA, which enables us to create and share value with our stakeholders aimed to:

- Deliver innovative therapeutic solutions to the health sector.
- Think globally and act locally.
- Maintain us in a constant learning mode.
- To explore accretive growth opportunities to guarantee proper capital allocation.
- Establish permanent competitiveness regarding costs.
- Decisively promote the professional and personal development of our human resources.



Corporate Values

We have adopted six corporate values that align with our essence and the dynamics of the sector. They are a set of beliefs that guide our conduct, generating differential elements and competitive advantages. Our corporate values are as follows:





We have a diversified product portfolio focused on high-growth therapeutic areas. The products are presented in numerous pharmaceutical forms, such as drops, creams, tablets, syrups, powders, gummies, ointments, emulsions, chewable, suspensions, injectables, and soft and hard capsules.



Our portfolio is divided into two main categories: Business to Business (B2B) and Business to Consumer (B2C).



Procaps Group operates in strategic therapeutic areas and also offers a robust product portfolio leveraged by the innovative softgel technologies.



102-2, 102-6

Diabetrics

Procaps Group currently has a leading position in the Colombian market in two Diabetrics product categories. It has more than 60% of the market share for blood glucose monitors (strips, meters, and lancets) and more than 50% of the market share for insulin delivery systems (pen needles), based on the total number of patients diagnosed with diabetes that require insulin in Colombia (all individuals diagnosed with type 1 diabetes and 20% of individuals diagnosed with type 2 diabetes) that use such products. In addition, we have increased our market share by more than 60% in the Rx oral antidiabetic products category in the Colombian market, based on total sale within the product category. This has been achieved through the sale of our Metformin products (G-Met and Predial Lex) and other Rx products that are used to manage diabetic patient complications. As part of the Diabetrics segment's integrated product strategy and holistic approach, we offer products in other categories, such as insulin (Glaritus-Glargine Insulin, launched at the beginning of 2021) and supplements (Cromega and Preventia).

We market our Diabetrics products and services in Colombia and El Salvador.

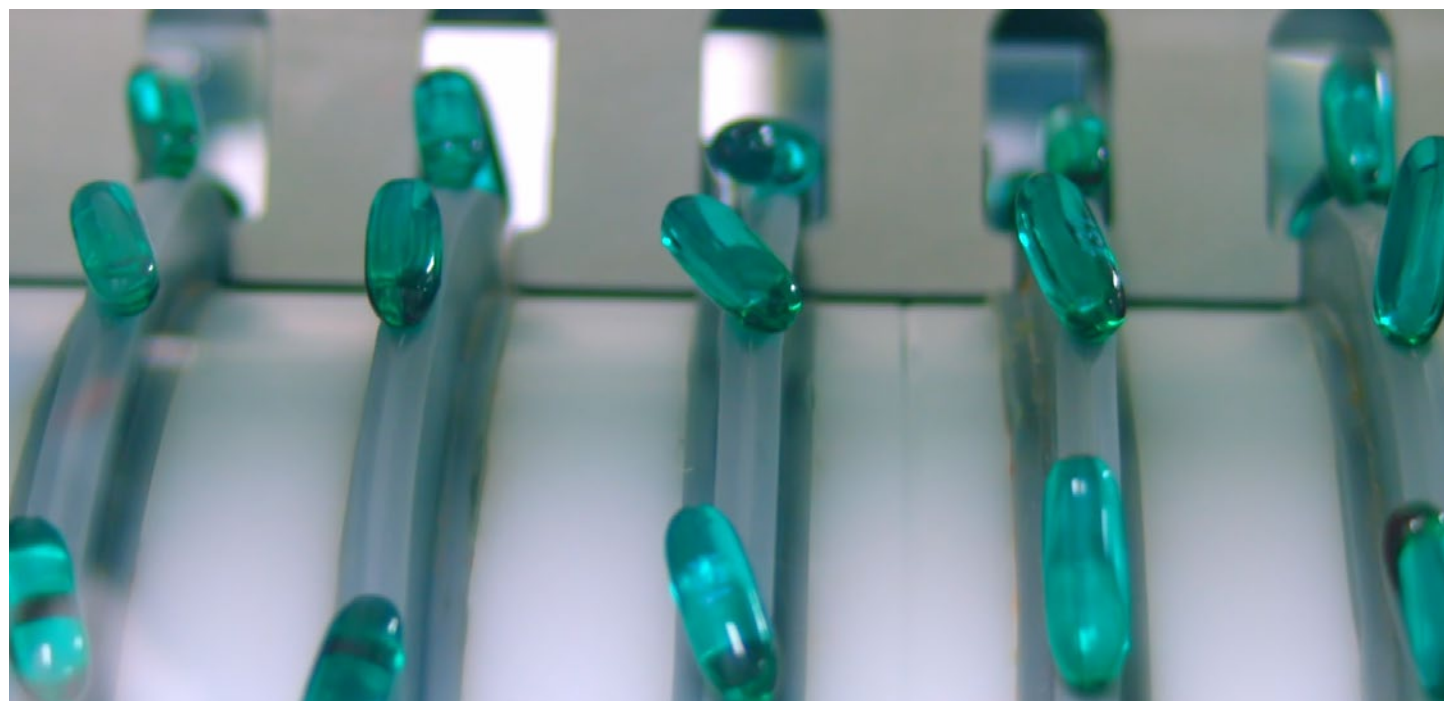
Farma Procaps

Farma Procaps formulates, manufactures, and markets branded prescription drugs. It represents a high-growth portfolio that focuses on nine therapeutic areas (feminine care products, pain relief, skin care, digestive health, growth and development, cardiology, vision care, central nervous system, and respiratory system). The demand for our Farma Procaps products is largely generated by physicians.

Clinical Specialties

Clinical Specialties is a leading provider of high-complexity care treatments to regional private institutions. Its diverse product portfolio targets various in-demand therapeutic areas, and it develops, manufactures, and markets personal protective equipment and high-complexity drugs for hospital use (e.g., antibiotic, blood clot, immunosuppressant, oncology and analgesic products).

We work closely with in-hospital medical specialists to provide primarily medium- and high-complexity products for patient treatments; each product is supported by technical or clinical studies to guarantee its safety.



Nextgel Pharma

Our Nextgel business segment operates under the Softigel brand and is the iCDMO arm of Procaps Group. It offers specialist Softigel services and operates globally in the B2B market, particularly in Brazil, Colombia, and the United States.

We provide Softgel formulation, development, and manufacturing services for global pharmaceutical and consumer health, and nutraceutical markets and support ancillary services for clients worldwide.

The iCDMO agreements with our top-tier customers range from five to ten-year terms.

OTC

Our OTC product line primarily consists of the VitalCare business unit, and contributes to three of Procaps Group's business segments: Procaps Colombia, CAN, and CASAND.

VitalCare develops, manufactures, and markets 150+ OTC consumer healthcare products through an extensive portfolio focused on high-prevalence therapeutic areas (e.g., gastrointestinal, skin care, cough and cold, analgesics, urological, and vitamins, minerals, and supplements). We believe the products are offered at accessible and appealing price points. Our Colmed OTC product line, which is part of our VitalCare business unit, consists of products in the following categories: antibiotics, anti-infective, antiparasitic, cardiovascular, feminine care, cutaneous antimycotic, pain killers, gastrointestinal, hormonals, metabolic, endocrine, nervous system, ophthalmic, osteoarticular, respiratory, dietary supplement, and vitamins and minerals.

We market and sell our OTC products in the following key regional markets: Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru.



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Innovative Technology and Health Solutions

Creativity and innovation are in our DNA. This drives our commitment to generate reliable, distinctive, and high-quality health solutions that meet the expectations of our stakeholders, contribute to well-being, strengthen integral development, and ensure our competitiveness in the market.

Research and Development

Our R&D activities are directed primarily toward the development of new products and services, and the improvement of our manufacturing processes and delivery technologies. Our R&D platform is decentralized, with research centers in Barranquilla, Colombia; Cotia, Brazil; San Salvador, El Salvador and West Palm Beach, United States. We employ more than 300 scientists, technicians, and skilled personnel in R&D and innovation. Our main R&D operation is located in Barranquilla, which employs over 270 R&D professionals. As of December 31, 2021, our R&D team has developed over 500 pharmaceutical product formulations, resulting in the development of an average of over 150 new products—including more than 50 first-time launch products—per year over the last three years.

Procaps Group has invested USD 16.0M, USD 15.8M, and USD 13.2M in R&D for the years ending December 31, 2021, 2020, and 2019, respectively.

	Net revenue	R&D investment	R&D Investment (% of net revenues)
2019	USD 324.8M	USD 13.2M	4.0%
2020	USD 331.5M	USD 15.8M	4.7%
2021	USD 409.7M	USD 16.0M	4.0%

4% Investment in R&D as a % of net revenues in **2021**

Proprietary Technologies

Our R&D capabilities have led to the development of our Softgel proprietary delivery systems which drives our Nextgel Pharma business segment and our Rx and OTC product portfolio.

The Softgel Capsule (SGC) is a solid dosage form composed of two gelatin films that contain semisolid or liquid active pharmaceutical ingredients (API) protected by an external, hermetically sealed cover.

Key characteristics of the SGC are as follows:

- Enhanced bioavailability of active ingredients
- Attractive physical appearance
- Greater stability
- Extended shelf life
- Masks unpleasant odors and flavors
- Consumer preferred dosage form (easier to swallow than traditional dosage forms)

The main applications of the SGC are as follows:

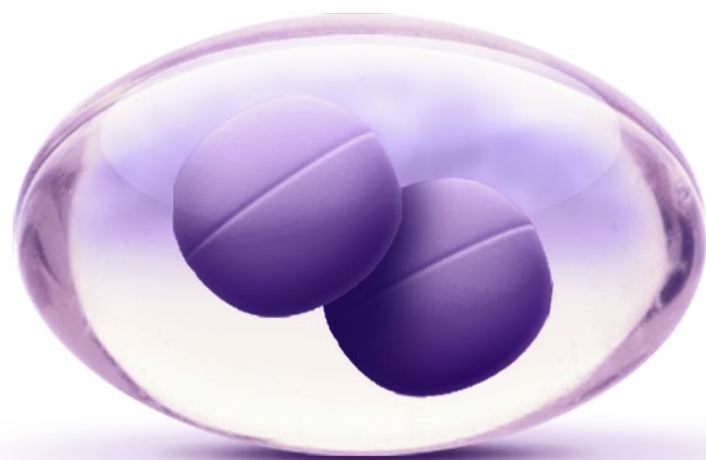
- Nutritional: Supplements, vitamins, concentrates, and other natural products
- Pharmaceutical: Products for any type of indication (OTC and Rx)
- Cosmeceuticals: Cosmetic products that have medicinal properties

There are several benefits of Softgels. First, they ensure a high-precision dosage due to the homogeneity of their ingredients; thus, they are an effective delivery system for oral drugs, especially those with low solubility and/or permeability. Second, as mentioned above, innovative Softgel technologies have been developed for a range of applications, such as OTC, Rx, and nutraceutical products, which maximize brand and market potential.

Our main Softgel technologies include Unigel, Versagel, Chewgel, and G-Tabs.

Unigel[®]: This first-to-market technology developed and patented by Procaps Group is designed to combine multiple API formulations into a single soft gelatin capsule. It offers different release modes, bioavailability enhancement, lower manufacturing costs (vs. two separate doses), and superior adherence to different therapies.

The key products that we manufacture in this technology include Fenovas, Lipomega, and Renestex.



Versagel: This versatile plant-based Softgel shell allows us to extend the Softgel dose form to a broader range of active ingredients that, due to their natural potential of hydrogen (pH) levels, are impossible to encapsule using traditional gelatin. It is also used to serve patient/consumer populations that were previously inaccessible due to religious, dietary, or cultural preferences.



G-Tabs[™]: This is a technology used to coat tablets with one- or two-toned colored gelatin (printed or not printed) that guarantees better product stability and provides effective protection for photosensitive pharmaceutical ingredients. It limits degradation due to poor exposure to air, and its unique presentation makes it difficult to imitate. This technology is available in a variety of shapes and colors. It also allows satisfactory ingestion of different pharmaceutical ingredients as it masks odors and unpleasant flavors.

The key products that we manufacture in this technology include G-Met and Citragel.

Chewgel: Suitable for pharmaceutical compositions, nutraceuticals, vitamins, nutritional supplements and similar products, Chewgel is an ideal solution for pediatric and elderly consumers with dysphagia and similar medical conditions, due to its soft and easy-to-chew flavored gelatin shell. Once the liquid is released, the flavor and ingredients begin to do their job, while the capsule melts inside the mouth as it is chewed, without sticking to the teeth or leaving residue to swallow.





Oral Delivery System

Our true north: The future of innovation in pharmaceutical oral delivery systems

We are a leading global provider of advanced delivery technologies and of development and manufacturing solutions for pharmaceutical and consumer health products. We are the top Softgel manufacturer in South and Central America and in the global top five in terms of Softgel production capacity, according to the QY Research Global Softgel Capsules Market Research Report 2020. Moreover, we have a strong and increasing presence in the United States.

Our innovative oral delivery mechanisms allow us to transform branded generic products into differentiated products for the pharmaceutical market. We have extensive expertise in developing and manufacturing Softgel capsules and related dosage forms.

Our R&D capabilities have led to the development of our Softgel proprietary delivery systems which drives our Nextgel business segment and our Rx and OTC product portfolio, allowing us to focus on the development and sale of high-growth and premium pharmaceutical products, which we believe are subjected to fewer pricing pressures than generic pharmaceutical products.

Intellectual Property

Our corporate culture focuses on innovation and R&D, which has resulted in the development of over 500 pharmaceutical product formulations as of December 31, 2021. We rely on a combination of knowledge, trade secrets, patents, copyrights, trademarks, and other intellectual property, as well as nondisclosure and other contractual provisions and technical measures to protect several of our products, services, processes, and intangible assets. These proprietary rights are important to our ongoing operations, as 99% of our current Rx and OTC product portfolio is proprietary.

We have applied in Colombia, the United States, and other countries for the registration of a number of patents, trademarks, and service marks, some of which have been approved and issued. We also hold common law rights in various trademarks and service marks. As of December 31, 2021, we had been granted **39** patents and had **38** patents pending approval. Furthermore, we hold over **5,193** trademarks, with **369** pending approval, and we have over **162** drug registrations, with over **150** pending approval.



Sustainability Strategy

ESG management is a core element of Procaps Group's corporate strategy. We use a combination of robust processes and compliance mechanisms to ensure our ESG goals are reached.

We are committed to doing business in an ethical manner. We have a long history of environmentally sound and efficient operations, safe and healthy working conditions, and active participation in the communities in which we are located. We plan to achieve our long-term ESG goals by incorporating environmental and social management into strategic business decisions and to align with the United Nations' Sustainable Development Goals (SDGs) with the aim of generating shared value and a positive impact on the communities we serve.

We seek to strengthen our value creation in the pharmaceutical industry by addressing the challenges of developing cost-efficient products and providing accessible products to the populations in the regions we operate in, while seeking to reduce the environmental impact of our activities.

Our ESG strategy comprises the following four categories:

1

Fundamentals:

We are building a responsible and financially sustainable business that is supported by a strong governance structure, compliance with good governance standards, an ethical business culture, and risk management.

2

Patients and Society:

We are committed to providing an accessible portfolio of innovative, effective, safe, and high-quality health solutions that contribute to the well-being of society.

3

People:

Human capital is the foundation of our sustainability. We promote well-being and diversity, and are dedicated to building a vibrant and innovative culture that motivates personal and professional growth.

4

Planet:

We care for our environment and minimize the impact of our operations, products, and supply chain by focusing on responsible energy, water and waste management.

We have reaffirmed our alignment with the SDGs, and we have identified the eight priority goals listed below to serve as a blueprint for our Sustainability Strategy.



CORPORATE GOVERNANCE

103-1, 103-2, 103-3

- ▶ Structure
- ▶ Ethical Business Culture
- ▶ Risk Management

Our corporate governance practices are governed by the Luxembourg Companies Law and our amended and restated Articles of Association. As a foreign private issuer that is listed on the Nasdaq Global Market, the Company is permitted to follow certain Luxembourg corporate governance practices in lieu of certain Nasdaq listing rules (i.e., the “Nasdaq Listing Rules”).

Within Procaps Group, our approach to corporate governance is defined by the values, policies, processes, and good practices that govern the direction, control, and operation of each of our component companies. We seek business efficiency and sustainable economic development. To build the trust of our various stakeholders, we create and maintain relationships based on ethics, integrity, transparency, and coherence of actions.





Governance Structure

102-18

The corporate governance structure is comprised of the Board of Directors and the Senior Leadership.

We believe strong governance is the foundation for delivering on our strategy.

Board of Directors and Composition of Committees

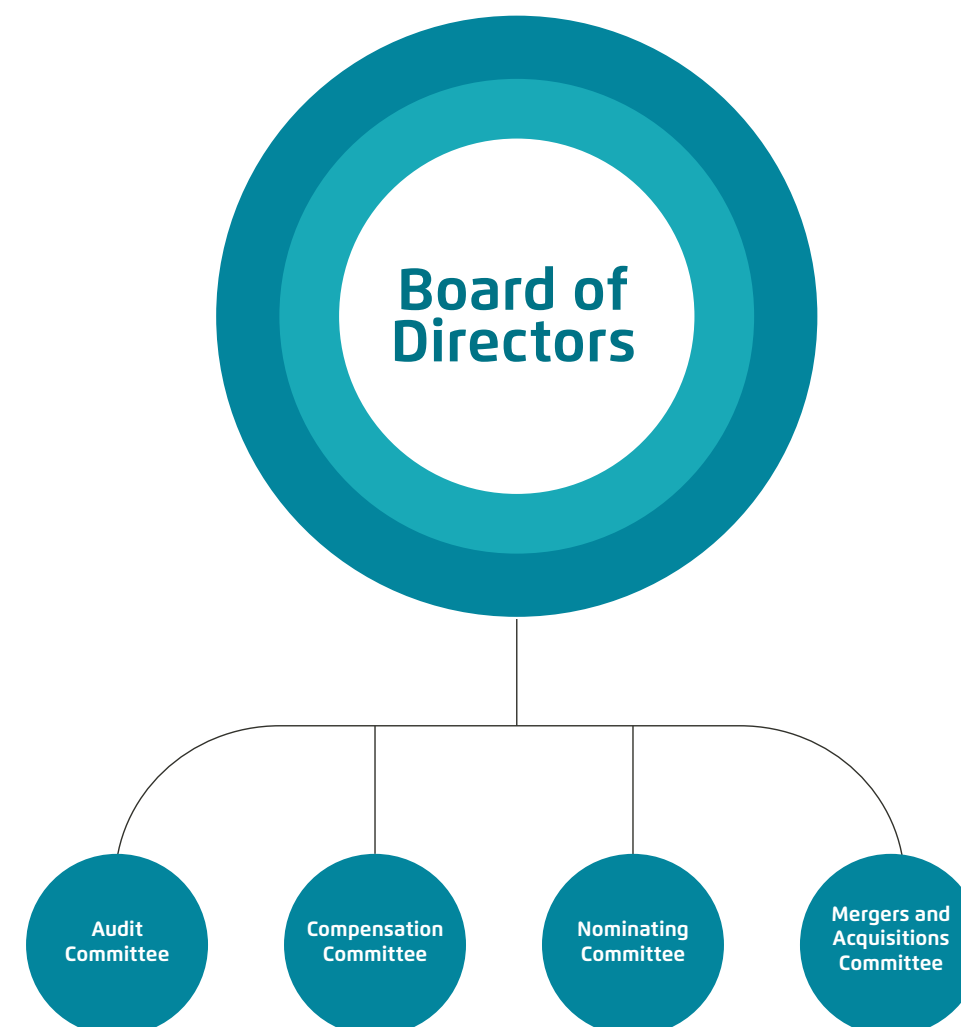
102-18, 102-22, 102-23, 102-24

Board of Directors

Our Board of Directors consists of seven directors, including four independent directors who meet the criteria required by the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and the Nasdaq applicable standards.

The board members are appointed for two years and may be reelected. Decisions of the Board of Directors are adopted by a majority vote of the directors present or represented at Board meetings.

Name	Position
Ruben Minski	Chairman
Jose Minski	Director
Alejandro Weinstein	Director
Daniel W. Fink	Independent Director
Kyle P. Bransfield	Independent Director
Luis Fernando Castro	Independent Director
David Yanovich	Independent Director



Board Committees

We have established four committees under the Board of Directors: Audit Committee, Compensation Committee, Nominating Committee, and Mergers and Acquisitions Committee.

The general role of each committee is to advise the Board of Directors on matters consistent with the committee’s stated purpose. When votes are tied in each of the committees, the recommendations are brought to the Board of Directors for discussion.

Audit Committee

The Audit Committee’s responsibilities include, but are not limited to, the following:

- Appointing, compensating, retaining, evaluating, terminating, and overseeing our independent registered public accounting firm.
- Discussing with our independent registered public accounting firm their independence from the Senior Leadership.
- Reviewing, with our independent registered public accounting firm, the scope and results of their audit.
- Approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm.
- Overseeing the financial reporting process and discussing with the Senior Leadership and our independent registered public accounting firm the annual financial statements that we file with the SEC.
- Overseeing our financial and accounting controls and compliance with legal and regulatory requirements.
- Reviewing our policies on risk assessment and risk management.
- Reviewing related party transactions.
- Establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls, or auditing matters.



The Audit Committee is composed of David Yanovich (Chairman), Daniel W. Fink, and Luis Fernando Castro. Each qualifies as an independent director according to the rules and regulations of the SEC and Nasdaq with respect to Audit Committee membership. In addition, all the Audit Committee members meet the requirements for financial literacy under the applicable SEC and Nasdaq rules. Mr. David Yanovich is the “audit committee financial expert,” as defined in Item 407(d) of Regulation S-K.

Name	Position
David Yanovich	Chairman
Daniel W. Fink	Independent Director
Luis Fernando Castro	Independent Director



To learn more about the Audit Committee, please [click here](#).

Compensation Committee

The Compensation Committee’s responsibilities include, but are not limited to, the following:

- Reviewing and approving the factors to be considered when determining the compensation (either alone or, if directed by our Board of Directors, in conjunction with a majority of the independent members of our Board of Directors) of our CEO, Chief Financial Officer, and Chief Operating Officer, and evaluating the performance of our executive officers considering these factors (subject to ratification by our Board of Directors).
- Evaluating, recommending, reviewing, and approving (subject to ratification by our Board of Directors) the executive officers’ compensation arrangements (both salary and bonus), plans, policies, and programs maintained by Procaps Group.
- Evaluating, recommending, and reviewing any equity incentive awards issued to any executive officers and directors that may be made under any equity-based compensation plan adopted by our Board of Directors.
- Meeting with the CEO and other executive officers annually to discuss any incentive compensation programs to be in effect for the executive officers for such fiscal year and the basis for evaluating the performance of the executive officers.

The Compensation Committee consists of Luis Fernando Castro (Chairman) and David Yanovich. Each qualifies as an independent director according to the rules and regulations of the SEC and Nasdaq with respect to Compensation Committee membership, including the heightened independence standards for members of a Compensation Committee.

Name	Position
Luis Fernando Castro	Chairman
David Yanovich	Independent Director



To learn more about the Compensation Committee, please [click here](#).



Nominating Committee

The Nominating Committee’s responsibilities include, but are not limited to, the following:

- Evaluating the qualifications of potential directors proposed for appointment pursuant to the Nomination Agreement.
- Identifying individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors.
- Periodically reviewing our Board of Directors’ leadership structure and recommending any proposed changes to our Board of Directors.

The Nominating Committee consists of Luis Fernando Castro (Chairman) and David Yanovich. Each qualifies as an independent director according to the rules and regulations of the SEC and Nasdaq with respect to Nominating Committee membership.

Name	Position
Luis Fernando Castro	Chairman
David Yanovich	Independent Director



To learn more about the Nominating Committee, please [click here](#).

Mergers and Acquisitions Committee

The Merger and Acquisitions Committee’s responsibilities include, but are not limited to, the following:

- Reviewing, assessing, and assisting our Senior Leadership and Board of Directors in reviewing and assessing potential acquisitions, strategic investments, and divestitures.
- Providing guidance to our Senior Leadership and Board of Directors on our acquisition, investment, and divestiture strategies.
- Assisting our Senior Leadership and Board of Directors with identifying acquisition, investment, and divestiture opportunities.
- Overseeing the due diligence process with respect to our proposed acquisitions, investments, and divestitures.

The M&A Committee consists of Alejandro Weinstein (Chairman), Ruben Minski, and Kyle P. Bransfield.

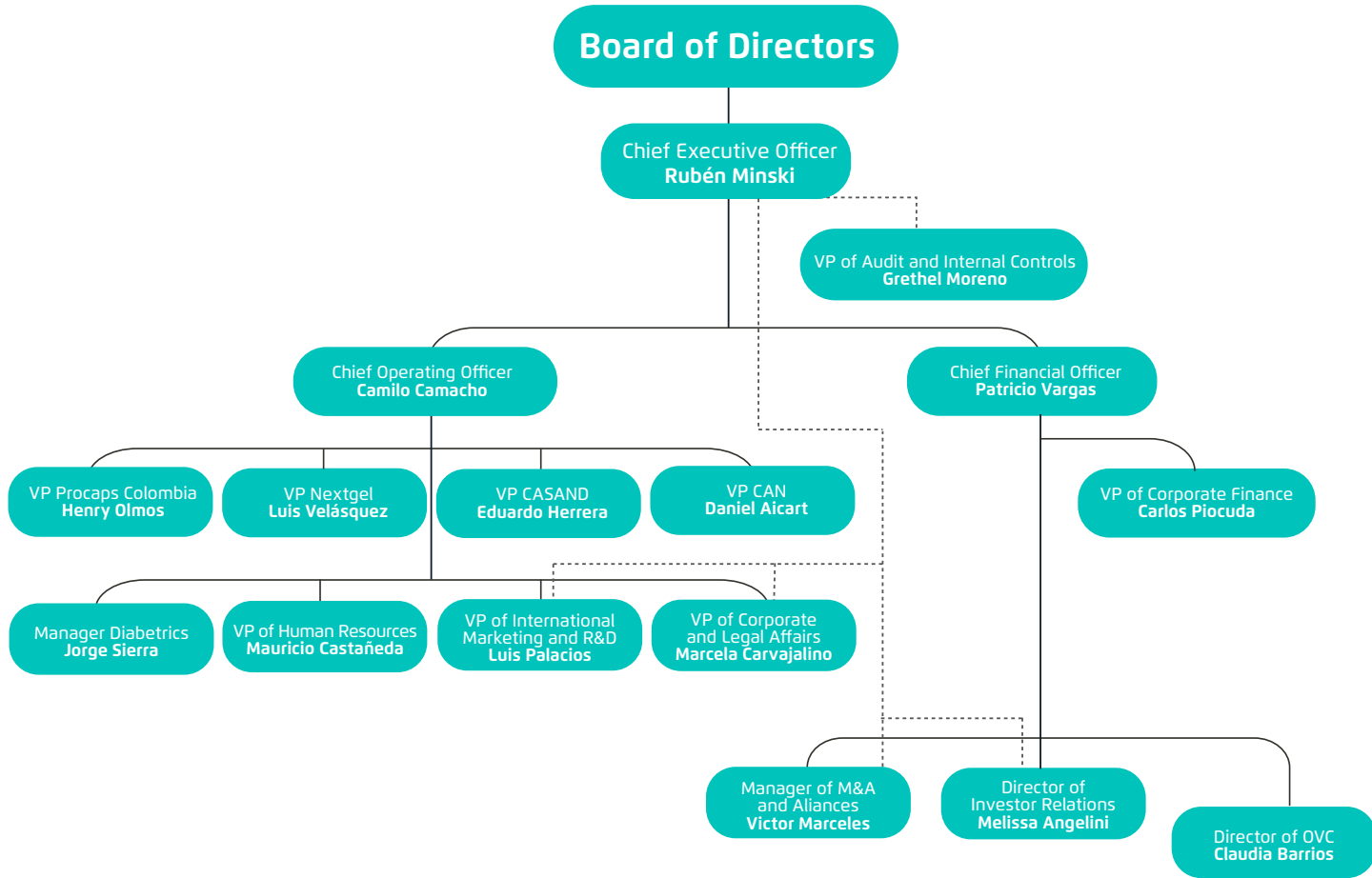
Name	Position
Alejandro Weinstein	Chairman
Ruben Minski	Director
Kyle P. Bransfield	Independent Director



To learn more about the Mergers and Acquisition (M&A) Committee, please [click here](#).

Senior Leadership

The Senior Leadership structure is shown below, detailing the executive management positions and the names of the position holders.



Procaps Group’s business is motivated by a strong sense of responsibility to fulfill our objectives in synergy with the different territories in which we operate, under the guidance of an efficient corporate structure, and with a team of committed employees who align with our purpose of ensuring societal health and well-being.

Our sustainability strategy is based on a strong governance structure, compliance with good governance standards, an ethical business culture, and risk management. These essentials guarantee the development of a responsible and financially sustainable business.

With a solid corporate governance structure and a leadership team committed to the highest ethical standards and best practices in integrity and transparency, the Company successfully integrates ESG management as a core element into its corporate strategy. This is achieved through a combination of robust processes and compliance mechanisms to improve our environmental and social risk management.



Compliance and Ethical Business Culture

102-16, 102-17, 103-1, 103-2, 103-3

At Procaps Group, we are committed to the highest standards of excellence in business management. Our corporate culture supports responsibility, ethical behavior, compliance with the law, and good practice in operations and business. Hence, our employees act in a fair and transparent manner. We have adopted a Code of Ethics and Conduct as a key instrument in the preservation of this culture and to safeguard our corporate integrity and reputation.

Our Code of Ethics and Conduct includes the values and policies that guide the actions of our employees and the entire Corporation. This document complies with the norms and laws of each country in which we operate, as well as the Universal Charter of Human Rights.

Each employee is required to annually certify in writing that they have complied with the provisions of the Code of Ethics and Conduct. Likewise, our clients, suppliers, and commercial partners are required to certify that they have received, read, and understood the Code and that they are committed to complying with it in all their relations with Procaps Group.

**4,100+**

employees were informed and trained on our ethics and conduct policies and procedures in 2021.



Thus, we use our Code of Ethics and Conduct to promote ethical and responsible behavior among all our employees. It applies to all our activities with customers, suppliers, distributors, competitors, the community, and any members of the public with whom we interact.

Because we are committed to behaving in an ethical manner in all our operations, we have implemented a set of ethical guidelines that are used as a general reference framework for all our employees' and stakeholders' actions and relations. The following items are covered by the ethical guidelines:

1. Anticorruption Behavior
2. Responsibility and Accountability
3. Protection of Intellectual Property and Confidential Information
4. Protection of Personal Data
5. Truthfulness and Transparency
6. Accuracy and Integrity of Accounting Books, Records and Entries
7. Report of Conflicts of Interests
8. Liaising with Stakeholders and Ethical Behavior
 - 8.1. Liaising with Shareholders
 - 8.2. Liaising with Employees
 - 8.3. Liaising with Patients
 - 8.4. Liaising with Patients' Organizations
 - 8.5. Liaising with Health Professionals
 - 8.6. Interaction with Health System Officials
 - 8.7. Interaction with National Public Officials or Officials with Jurisdiction Abroad
 - 8.8. Liaising with Clients
 - 8.9. Liaising with Distributors, Contractors and Suppliers
 - 8.10. Liaising with the Media and Social Networks
9. Gifts and Gratuities
10. Political Activity
11. Social Activities' Donations
12. Business Practices
13. Healthy Environment



Our employees and stakeholders must not accept, promote, or participate in any type of corruption, including graft, extortion, bribery, or undue use of information. They are obliged to prevent and report any such acts through the Safe Principles and Standards Ethical Line.

In alignment with the implementation of the Code of Ethics and Conduct, and given the recent listing on the Nasdaq Stock Exchange, the Board of Directors has approved the additional following policies:



Insider Trading Policy

The primary purpose of this Policy is to prevent people with knowledge of material nonpublic information (MNPI) about Procaps Group uses that MNPI or tips off someone else to use the MNPI from profiting from it before it is made publicly available.

Whistleblower Policy

We have adopted this Policy with the purpose of encouraging our employees and third-parties to report suspected wrongdoing or danger affecting any of our activities (a whistleblowing concern) as soon as possible, with the knowledge that their concerns will be taken seriously and investigated as appropriate. This policy provides guidance on how to raise those concerns, without fear of reprisals, even if they turn out to be mistaken.

Related Party Transactions Policy

This Policy deals specifically with those situations where Procaps Group (including any of our subsidiaries) is a party to a transaction with a "Related Party". A Related Party is a party whose material interest in a transaction could be an actual or potential conflict of interest, or at least create the appearance of such a conflict.

Regulation Fair Disclosure Compliance and External Communications Policy

This Policy sets forth guidelines regarding communications by the Company and our employees, officers, directors and independent contractors with media personnel, members of the investment community (including analysts, institutional and individual shareholders) and others who are not bound to us by a duty of confidentiality, and compliance of such communications with Regulation Fair Disclosure.

The Safe Principles and Standards Ethical Line

At Procaps Group, we have established procedures and measures to follow up on compliance with the Code of Ethics and Conduct among our employees, shareholders, clients, suppliers, distributors, and third parties. Through the Ethical Line, all parties can anonymously report any behavior, conduct, or situation that they think may be unethical. The line is managed by a specialized external company, and the procedure for reporting, verification, and tracking is led by our CEO.

The Ethical Line consists of several communication channels, as shown in the following graphic:

ETHICAL LINE »

Safe principles and Standards

ethics.procapsgroup.com

Argentina: 0-800-999-4636
Bolivia: 800100605
Brazil: 0-800-891-4636
Chile: 800-835-133
Colombia: 01-800-752-2222
Costa Rica: 0-800-054-1046
Ecuador: 1-800-000031
El Salvador: 800-6988
United States: 1-800-921-2240
Spain: 900-975-278
Guatemala: 1-800-835-0393
Honduras: 800-2791-9047
Mexico: 01-800-1233312
Nicaragua: 001-800-2260469
Panama: 011- 00800-052-1375
Paraguay: 009-800-521-0056
Peru: 0-800-00932
Puerto Rico: 1-855-7619289
Dominican Republic: 1-888-760-0133
Uruguay: 000-4052-10128



Ethics and Conduct Committee

The Procaps Group Ethics and Conduct Committee oversees all ethics and conduct matters, including the scope of and compliance with the Code of Ethics and Conduct. This Committee is composed of the Vice Presidents of Corporate and Legal Affairs, Human Resources, and Audit and Internal Controls, and the Legal Compliance Corporate Director. The Committee is responsible for resolving ethics-related conflicts across all areas of the Corporation. The major functions of the Ethics and Conduct Committee are as follows:

- Follow up on the application of the standards of the Code of Ethics and Conduct.
- Establish all actions necessary for creating awareness about and implementing the Code.
- Receive information about complaints submitted directly or through the Ethical Line. The Committee must keep each complainant's identity confidential.
- Compile all information about the application of the Code of Ethics and Conduct in all the countries where the Corporation have presence.
- Submit an annual report to the Senior Leadership on the degree of compliance with the Code, on whether the objectives of the Code have been met, and that includes recommendations for improving the Corporation's ethics and corporate culture.



To learn more about our Code of Ethics and Conduct, please [click here](#).



Risk Management

102-11

The Board of Directors oversees the Procaps Group risk management process. The three areas of focus are the general risk management strategy, the most significant risks the Corporation faces, and the implementation of risk mitigation strategies by the Senior Leadership. The Audit Committee is also responsible for undertaking discussions on risk assessment and risk management policies.

The nature of our business exposes our operations to many existing and emerging threats. Therefore, we strive to comply with both legal and environmental legislation while monitoring and adapting to economic and social issues. We constantly monitor the labeling of our products and services to ensure that the information available to our customers is accurate and transparent in terms of origin, components, safety instructions, disposal method, and possible socioenvironmental impacts.

Protection of Personal Data

103-1, 103-2, 103-3, 418-1

We are committed to protecting our stakeholders' personal data. We respect and protect the personal information of our shareholders, board members, employees, clients, suppliers, distributors, and other allies, under the terms and conditions of current legal regulations. We have a Privacy Corporate Policy that establishes the right of individuals to know, update, and rectify the information that has been collected and stored about them in the Corporation's database.

In 2021, we did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.



SOCIAL

- ▶ **Our Reason: Patients and Society**
- ▶ Innovative solutions
- ▶ Innovative R&D portfolio
- ▶ Product safety, efficacy, and quality
- ▶ Availability and affordability of differentiated solutions
- ▶ Commitment to communities for social value generation
- ▶ Awareness and health education
- ▶ **Our People: a Committed and Innovative Team**
- ▶ Inclusion, Diversity, and Equality
- ▶ Workforce Breakdown
- ▶ Human Talent



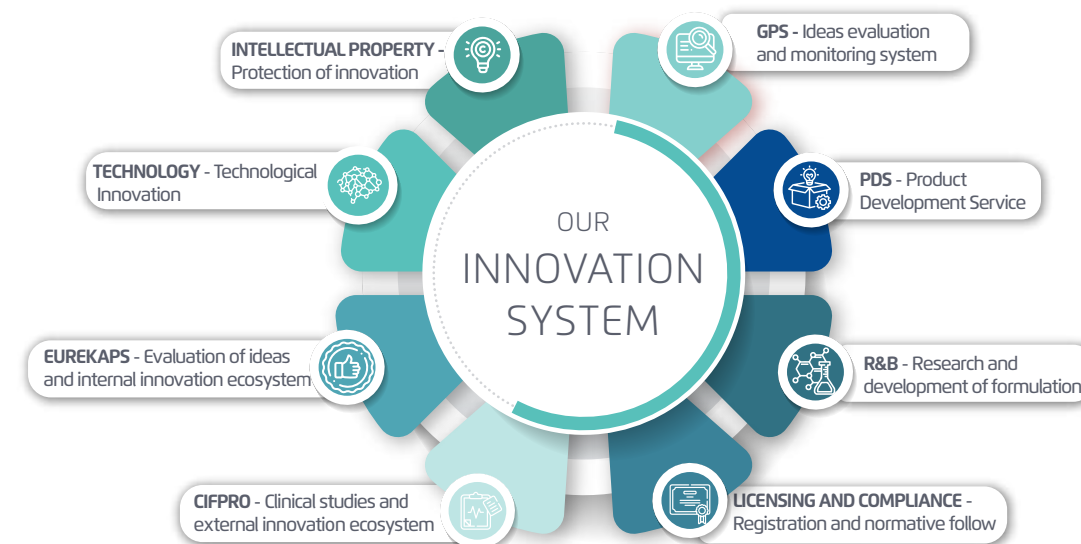
Our Reason Patients and Society

Innovative solutions

We are committed to providing an accessible portfolio of safe, innovative, effective, and high-quality health solutions that contribute to societal health and well-being.

Innovative R&D portfolio

Our innovation system allows us to adapt and continue generating shared value while ensuring the optimization of internal processes, the development of world-class products, the promotion of operational excellence, and the constant improvement of our business practices.



GPS - New products ideas evaluation, and pipeline management and monitoring.

Ideas are comprehensively evaluated as business cases for the generation of new products that optimize available technological, operational, commercial, and administrative capabilities, facilitating those initiatives with a high strategic impact.

116 business cases for new products were evaluated, of which **41% were considered high-impact ideas** in 2021.

PDS - Product Development Service

Product development is optimized through projects that transform ideas into finished products. Our high quality standards are maintained throughout the process, and time is optimized to ensure sustainability and profitability.

180+ ongoing projects in the new-product development pipeline.

R&D - Research and development of formulations

Our R&D comprises lead analysis, evaluation, and development of innovative pharmaceutical formulations. This drives the expansion of our high-quality drug portfolio and helps us meet the global market's needs and demands.

As of December 31, 2021, our R&D team had developed **over 500 pharmaceutical product formulations**.

Innovant - Technological innovation

We develop technology platforms to offer novel delivery systems derived from soft gelatin capsules. Additionally, we analyze strategies for optimizing the current manufacturing process and opportunities to add differentiation attributes to our portfolio.

New processes developed for future launches of Unigel's novel presentations.



Intellectual Property

We support and promote the protection of innovation through the identification and management of novel elements that add value to processes or products. Such elements are registered as intellectual property, and the associated intellectual property rights provide us with exclusive use of solutions, such as patents, utility models, and industrial designs.

As of December 31, 2021, our intellectual property portfolio included:

- **39** patents granted
- **38** patents pending approval
- **5,1913** trademarks granted
- **369** trademarks pending approval

Eurekaps - Innovation culture, ideas generation, and internal innovation ecosystem

Our Eurekaps program is designed to develop a successful innovation culture. The program offers innovation techniques training and participation channels through which novel ideas and projects are developed and transmitted. All collaborators, regardless of job position, are welcome to participate and share their ideas and thus be eligible for rewards offered through our innovation benefits program.

In 2021, Eurekaps, which operates in Colombia, was also launched in El Salvador, Guatemala, Honduras, and Nicaragua. We expect to continue the program roll-out in other countries with manufacturing facilities and commercial offices to further expand our innovation culture to new territories.

- **43** ideas received
- **19** projects implemented
- **1000+** employees impacted

In 2021, we assessed the strength of our innovation culture using the Great Culture to Innovate® methodology, which uses a survey to produce the Innovation Culture Index. The survey covered more than 4,200 employees across all our facilities. We scored over 80/100 in Colombia, Dominican Republic, Honduras, Nicaragua, Panama, and Peru. The innovation culture in Colombia achieved the level of "Outstanding." The survey results were used to define specific improvement plans, such as the launch of Eurekaps in El Salvador.



CIFPRO - Research, clinical studies, open innovation, and the external ecosystem

The Procaps Pharmaceutical Research Center is our scientific collaboration channel through which we connect with the external R&D ecosystem. The scope of its activities includes open innovation challenges, alliances for R&D projects, and the management of resources and incentives for science and innovation.

In 2021, **11 collaborative projects** were executed, including e-health and big data initiatives and improvements in softgel capsule manufacturing.

Regulatory Compliance

The regulatory compliance framework is in place to ensure that all products and processes comply with the rules and regulations of the relevant entities in each country. This includes renewals, modifications, and new product registrations.

As of December 31, 2021, we had **162+ drug registrations** and **150+ pending approval**.

We were recognized as the most innovative company in Colombia in the 2021 Business Innovation Ranking conducted by the National Business Association of Colombia (Spanish acronym: ANDI) and Dinero Magazine.

The Business Innovation Ranking evaluates a company's innovation capability, investment in R&D, workforce, revenue generated by new products and new intellectual property assets, among other factors.



USD 16M

approximately invested in R&D in 2021.



SOCIAL



New products

As a result of our focus on innovation and R&D, we have continued to introduce new products to the market¹. On average, we have developed and introduced more than 150 new products, including more than 50 first-time launch products, per year over the last three years. In 2021, our product launches included the following:

- **Epapure (icosapent-ethyl)**, the first branded product available in Latin America that is equivalent to Vascepa, the first FDA-approved drug to reduce cardiovascular risk among patients with elevated triglyceride levels.
- **Renestex (levocetirizine + montelukast)**, a dual-use solution for both allergies and asthma that is based on our Unigel technology.
- **Eclamp (acetylsalicylic acid)**, which is designed for high-risk pregnant patients with preeclampsia.
- **A liquid topical-use minoxidil OTC** product that has been introduced to compete in the expanding hair-loss treatment market.
- **A new line of anesthetics** for use in hospital intensive care units.
- **A new line of disposable syringes** in Colombia, for use in government vaccination programs.
- **Insulin disposable pens**, to complement the holistic treatment of diabetic patients who require insulin along with other treatments.



1. We consider a product to be a "first-time launch product" if, within 36 months prior to the end of the period for which net sales are being measured, it: was reformulated; was a product line extension due to changes in characteristics, such as strength, flavor, or color; had a change in product status from Rx to OTC; was a new store brand or branded launch; or was provided in a new dosage form. We consider a product to be a "new product" if, within 36 months prior to the end of the period for which net sales are being measured, it was a "first-time launch product" or was sold in a new geographic area with different regulatory authorities.



Additionally, we launched significant products and brands in 2021 through our iCDMO business unit. It includes Eye Mojo gummies, Turmeric gummies, Zinc gummies, No Filter sleep gummies, Mulgatol, Feminis DHA, Proactiva D, Ogestan Blues, Vidyn D3, Nutragesta, Novagesic, Lemoflu, and Benet Man & Woman MultiVitamin. We introduced new generic Softgel products in the US and Australia and have continued our geographic expansion efforts in both the US and Europe, which we expect will continue to increase as a result of our recently acquired FDA-approved 86,000 ft² pharmaceutical production facility located in West Palm Beach, United States. On the other hand, our Brazilian operations continue to grow through OTC product alliances and in-house specialty supplement developments.

New product sales in 2021 totaled USD 96.3 million in net revenues, accounting for approximately 23.5% of our net revenue for the same period.

Our revenue derived from new product sales increased 22.3% in 2021, compared to 2020. Analyzed per business line, new product sales reached USD 45.3 million in Rx, USD 10.3 million in OTC, and USD 3.3 million in Diabetics. New product sales represented 21%, 12%, and 15% of the segment's total sales, respectively.



Product safety, efficacy, and quality

103-1, 103-2, 103-3

Ensuring patient and employee safety is the foundation of our ethical responsibilities. We monitor the safety, efficacy, and quality of our products that meet regulatory requirements, and strive to exceed expectations of patients, customers, investors, health professionals, and other stakeholders.



100% of our products and services undergo rigorous health and safety monitoring.

Committed to quality

We are committed to ensuring and maintaining the highest standard of regulatory compliance while providing high quality products to our customers. To meet these commitments, we have developed and implemented a company-wide quality management system. We have approximately 640 employees focusing on quality and regulatory compliance.

By defining the interactions between our processes, providing the necessary resources for effective process development, and implementing feedback and response actions, we are able to maintain and improve the performance of each process and the company overall.

Certifications

As shown, we have obtained several local and international process and quality certifications, as specifically required in each of our manufacturing facilities. These certifications authenticate our commitment to maintaining high quality standards and good manufacturing practices.

Colombia	 	
USA		
Canada	 	
Mexico		
Brazil		
UK		
Saudi Arabia		
Argentina		
Australia		
Peru		
El Salvador	  	



Pharmacovigilance

416-2

We are committed to top-tier pharmacovigilance. We have in place a system for tracking, addressing, and reporting to regulatory entities any adverse event associated with our products.

Our Health Technology Surveillance System (Spanish acronym: SIFAR) effectively manages the recording of suspected adverse events that result from the use of drugs, medical devices, and in vitro diagnostic reagents. It provides a timely response to these cases, generates recommendations to prevent medication errors, and submits reports to regulatory entities. Risk management plans and periodic safety reports are also prepared and used in the continuous evaluation of the risk-benefit ratio of our products. In 2021, we reached 100% compliance in terms of timely response to notifications of adverse events, timely reporting of adverse events to regulatory entities, and timely submission of Periodic Drug Event Reports (PADERs) to the FDA.



In 2021

Procaps Group did not receive any report of adverse events related to the quality and safety of our products.

Our pharmacovigilance system also monitors health alerts and drug safety statements worldwide. We track information issued by regional and international reference health entities, which allows the safety of medicines, medical devices, and in vitro diagnostic reagents to be evaluated over time.

We conduct regular pharmacovigilance training for our employees through SIFAR. In 2021, 1,090 staff members were trained in pharmacovigilance. Our training strategies included webinars throughout the year and e-learning courses available on our internal knowledge





Product availability during the COVID-19 pandemic

HC-BP-240a.1

During 2021, we remained committed to maintaining our manufacturing and distribution operations to provide products that were needed to combat COVID-19, for example:

- Products associated with immunity, such as vitamin C products (Lemovit, Gumivit, Vitamin C Colmed), vitamin D products (Deferol, Vitamin D Colmed), and zinc products (FortZink).
- Products for COVID-19 prevention or cure, such as Kimod (ivermectin) and Azithromycin Colmed.
- Anesthetic corticosteroids for use in intensive care units, such as Tracurion (cisatracurium), rocuronium, and vecuronium.
- Anti-fluid masks manufactured by our RymcoMedical facilities.

During the COVID-19 pandemic, mandatory quarantine periods caused logistics complications. Similarly, raw material price changes posed a significant challenge. However, we were able to counteract the impact of these effects by launching new products, training our sales force, generating demand in markets (e.g., Colombia and Central America), and growing our generic medicine business.



Distribution and logistics

Our logistics team is centralized by business lines, which enables us to better capture the synergies of our businesses and maintain our operational focus. The team operates in all countries where we have a presence and assists with the transportation and delivery of over 3,500 tons of products per year worldwide.

We use a network of third-party transportation companies for customized services, which are regulated by INVIMA, ANVISA, the International Air Transport Association, the World Customs Organization, the International Chamber of Shipping, and other applicable regulatory agencies where we operate.

Our products are stored in self-owned facilities in Colombia, El Salvador, and Brazil, and in third-party facilities that meet our products' requirements in terms of space and environmental conditions.

Commitment to communities for social value generation

103-1, 103-2, 103-3, 413-1

During 2021, we continued to support healthy living in the context of the global COVID-19 pandemic. We devoted considerable effort to the promotion of community empowerment, developing programs with wide social reach. This was achieved through the work of the Procaps Foundation and our volunteers and by providing contributions, community aid, health kits, and donations.

The Procaps Foundation

Since its inception in 2013, the Procaps Foundation has been operating to guarantee healthy living and to promote healthy habits in communities. It achieves these aims by promoting and supporting education, entrepreneurship, good nutrition, emotional and physical health, skills development, sexual health, and women's empowerment in communities close to our

operations. The Foundation's activities reach and benefit people of all ages, from children to senior citizens. Over the years, the Foundation's work has been made possible by the establishment of key public and private alliances with community stakeholders that align with our Sustainability Agenda and the UN SDGs.

In 2021, the Procaps Foundation faced new challenges stemming from the COVID-19 pandemic. Community needs increased and new ones emerged. Initially, interactions between the Foundation and the communities were restricted due to mandatory quarantine periods. In response, Procaps Foundation designed and executed new programs to assist the communities and transformed some of its support strategies into virtual ones. As a result, we reached more than 36,000 direct beneficiaries despite the constraints. This year, the Foundation also worked to raise awareness on the importance of COVID-19 vaccination.

To summarize, the Procaps Foundation highlights for 2021 were:

- **USD 294,122** donated.
- **15,666** donated products.
- **36,838** direct beneficiaries in Barranquilla and Bogota.
- **147,352** indirect beneficiaries.



Volunteering

Our commitment to society is integrated into the corporate culture. The organization's social management promotes social skills in the collaborators as a shared commitment, which is reflected in the permanent dialogue and contributions to the communities with which we interact. For 19 years, our volunteers have been working to promote social welfare in the communities of the regions where we operate.

The Corporate Volunteers group consists of more than 2,270 collaborators, and they contributed 1,320 hours of volunteer work in 2021, compared to 700 hours in 2020 (a 88.6% increase). We volunteered in Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. Together, our volunteers promote healthy culture initiatives in communities close to our organization.

In 2021, the monetary contributions (donations) made by volunteers per country totaled:

- **USD 68,002** Colombia.
- **USD 8,421** Ecuador.
- **USD 12,063** El Salvador.
- **USD 3,963** Peru.



413-1

Our programs

Listed below are a selection of the outstanding initiatives and programs undertaken by the Procaps Foundation and volunteers to promote access to medicines and healthcare services in Colombia during 2021:

Health Days

We contribute to health promotion and disease prevention by providing training, updating, and education programs for health professionals and other stakeholders. Medical staff lead Health Days that are conducted for community members and aim to generate greater awareness about the importance of a healthy life.

The Health Days initiative brings basic medical services closer to the communities. The corporation's volunteers have the opportunity to share and use their skills, knowledge, and experience, and learn directly about the community members' needs and realities through an immersive experience. As part of this program, in 2021:

- **1,688** products were donated.
- **3,000** people were direct beneficiaries.
- **12,000** people were indirect beneficiaries.

Donations and COVID-19

Motivated by our purpose and commitment to improving the health and quality of life of the communities we serve, we annually donate products to entities that carry out social actions related to our initiatives.

In 2021, in response to the effects of the COVID-19 pandemic, we created an alliance with the Secretary of Education of the District of Barranquilla to donate tablets and internet solutions to 220 student beneficiaries. We also made donations related to biosecurity to guarantee the safe return to classes of 1,406 students belonging to two educational institutions in the San Salvador neighborhood in Barranquilla. In response to the food supply issues that were exacerbated by the pandemic,

Procaps volunteers helped donate food packages to 147 families. Through our donations in 2021:

- **USD 122,205** invested.
- **11,421** products donated.
- **31,743** direct beneficiaries.
- **126,972** indirect beneficiaries.

Awareness and health education

103-1, 103-2, 103-3

In 2021, with the support of our volunteers, we focused our efforts on increasing health awareness and education through health initiatives and the promotion of a healthy culture. We create social value through our commitment to the development of sustainable initiatives that favor the health, productivity, and entrepreneurship of different communities.



Childhood and youth development



Conscious Eating

In this flagship program, we promote the healthy growth and development of children and adolescents suffering from malnutrition through nutritional supplementation, training in healthy living, and support from health and nutrition professionals. Within the framework of "breastfeeding week," a conversation was held virtually on the corporate YouTube channel, generating more than 800 views. As part of this program, in 2021:

- **USD 46,493** invested.
- **2,374** donated products.
- **617** direct beneficiaries.
- **2,468** indirect beneficiaries.



SOCIAL



413-1

Soccer with Heart

The intention of this program is to promote life skills and values in children and adolescents between 6 and 17 years of age, promote women's empowerment, and to provide tools for the peaceful resolution of conflicts. During 2021, we started activities in the community of Fontibón, which have benefited 63 children and adolescents from the El Triángulo and Las Brisas neighborhoods near the Pharmayect plant. As part of this program, in 2021:

- **USD 50,178** invested.
- **72** donated products.
- **223** direct beneficiaries.
- **892** indirect beneficiaries.

Networks Leading Healthy Lives

In this initiative, we support young people between the ages of 12 and 17 as they navigate their inner growth and emotional development. We do this through tailored workshops and programs, and working with participants and their families, as well as with their institutions and teachers. The aim is to empower youth via training and skills development and equip them with the knowledge, skills, and abilities to become multiplier leaders in their environment. As part of this program, in 2021:

- **USD 45,221** invested.
- **124** direct beneficiaries.
- **496** indirect beneficiaries.





413-1

Seed for the Future

The purpose of this program is to support young people between the ages of 13 and 15 with sexual and affective education services as well as personal and family orientation and counseling services. The program is designed to be implemented virtually, using internet- and phone-based communication channels. It is intended that the beneficiaries of this program will take greater responsibility for their sexual activities and that the initiative will help to reduce the prevalence of adolescent pregnancy. As part of this program, in 2021:

- **USD 16,247** invested.
- **70** direct beneficiaries.
- **280** indirect beneficiaries.

Activating our culture of innovation in our communities

We share our culture of innovation with communities through challenges and awareness, supported by strong relationships between our volunteers and the local population. We create spaces to share our innovative DNA with the beneficiaries of the Procaps Foundation and their families.



Adults and family wellbeing

Let's Adventure as a Family

This initiative was created through collaboration with the Universidad del Norte, the Presidential Council for Children and Adolescents, and the First Lady of Colombia in response to abuse that worsened during the period of confinement caused by the COVID-19 pandemic. Through this initiative, we have created a virtual space for the recognition, regulation, and emotional recovery of children, young people, and families, especially those who are most vulnerable to potentially violent situations. As part of this program, in 2021:

- **USD 5,416** invested.
- **83** direct beneficiaries.
- **332** indirect beneficiaries.

Productivity and Entrepreneurship

The Procaps Foundation executes strategies that support the development of skills for employability and productivity by providing comprehensive care and supporting the social and economic development of the communities located in the areas of influence of the Procaps Group in Colombia. The aims are achieved through training courses, complementary training in partnership with Colombia's National Training Service (Spanish acronym: SENA), support that facilitates access to employability, and strengthening and consolidating business ideas.

During 2021, 245 people received training in a range of areas, including baking, confectionery, hygiene, food handling, and entrepreneurship. We also supported 183 people participating in personnel selection processes, achieving job placements for 8 people. As part of our strategy to empower women and assist women with generating a more stable income for their families, we engaged two mothers as snack providers. As part of these programs, in 2021:

- **USD 2,446** invested.
- **430** direct beneficiaries.
- **1,720** indirect beneficiaries.



SOCIAL



413-1

Let's Solve Together

This is a new virtual program that was implemented in 2021 to promote the development of life skills. Participants attempt mathematical challenges and riddles that strengthen their knowledge and ability to resolve problems. As part of this program, in 2021:

- **USD 2,023** invested.
- **119** direct beneficiaries.
- **476** indirect beneficiaries.

Other activities

As part of our comprehensive approach to meeting the needs of our beneficiaries and to providing programs of public interest, we design initiatives, activities, and events that build and maintain well-being, trust, and closeness. During 2021, we implemented the initiative "Let's talk about Solidarity Women," a space in which we speak with women who have developed actions that support social development in Colombia. Through these other activities, in 2021:

- **USD 3,802** invested.
- **111** donated products.
- **429** direct beneficiaries.
- **1,716** indirect beneficiaries.





Our People

A committed and innovative team

103-1, 103-2, 103-2

Inclusion, Diversity, and Equality

Our employees are fundamental to our value proposition of serving and inspiring the people around us by offering innovative healthcare solutions. Therefore we are committed to offering inclusive and diverse work environments. We believe that differences among our employees enrich our culture and guarantee the satisfaction of our stakeholders. We recruit the best people for the job regardless of gender, ethnicity, or other protected characteristics, and it is our policy to fully comply with all laws applicable in the workplace.

We develop an annual communication plan, aimed at internal and external stakeholders, to promote inclusion, diversity, and equality. The relations with our employees and other stakeholders are framed by ethical principles and values, as set out in our reputation and communication policy that reaches employees in all countries where we operate.

Our inclusion, diversity, and equality principles are also reflected in our employees' training and policies. We offer ongoing training, programs, and benefits that help drive leadership, and personal and professional development.

We are committed to promoting gender equality. Annually, we perform a cross-countries strategy to carry out activities and deploy communications that contribute to this goal. We have identified 3 key areas in which we can strengthen equality in our work environment: female leadership, female health, and motherhood support. These topics guide our agenda in all the territories. Some examples of the activities we have carried out to fulfill our commitment to gender equality in the different countries in which we operate are:



Female leadership

Brazil

- Pink October: An activity focused on the important role of women in the Company's development.
- Soft Talks: Conferences about female leadership and women of the 21st century.

Colombia

- Women in the Social Field: A conference about female leadership in social development.



Female health

Peru and Colombia

- Breast Cancer Prevention: A preventive talk about breast cancer and how it can be detected early.



Motherhood support

Colombia

- Breastfeeding Mommies: A program seeking to train mothers to create an emotional bond with their babies. Moreover, we offer lactation rooms in our Procaps Barranquilla facility.

El Salvador

- Pregnancy Club: An informative activity to support pregnant women and avoid problems such as postpartum depression.



4,900+

employees in the Corporation were impacted by our activities to promote gender equality.

We are convinced that all people are productive and can play a role in the execution of the Company's purpose, regardless of their physical conditions. We believe that a disability does not prevent a person from performing successfully and applying their skills in different fields.



We promote inclusion at different stages. Our recruitment and attraction activities are aimed at finding the best talent, regardless of physical conditions. Our selection criteria are strictly guided by the specific skills required for each position. We offer equal access to onboarding training resources for all new employees. We carry out awareness-raising and team-building activities to ease the integration of new employees with disabilities. Throughout 2021, we promoted an inclusive and favorable workplace for our employees with varying disabilities. Inclusion is reflected in the presence of employees with disabilities in five countries: Brazil, Colombia, Ecuador, El Salvador, and Nicaragua.

To enable equal conditions in our work team and promote the employees’ well-being, the following actions were taken:

- Participation in all the company’s medical surveillance programs, occupational welfare programs, and promotion and prevention activities.
- Participation in all labor call processes and corporate processes.
- Accompaniment by health professionals to adapt functions and tasks according to employee abilities.
- Periodic monitoring of compliance with the medical recommendations issued by our health-promoting entity.
- Physical adjustments to suitable job areas, including the addition of ramps in Ecuador and priority spaces in Colombia, such as parking lots and elevators.
- Monitoring activities to review interactions with co-workers.

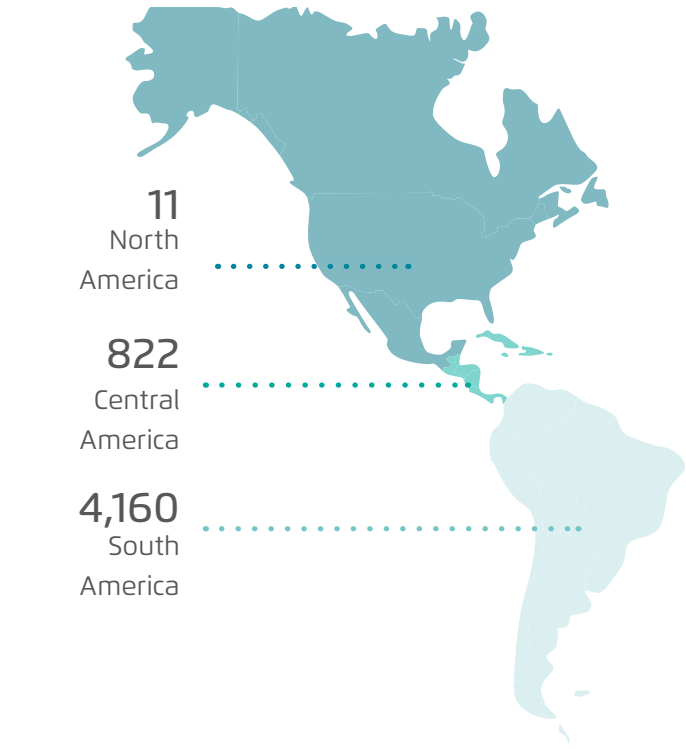
Workforce Breakdown

102-8, 102-41

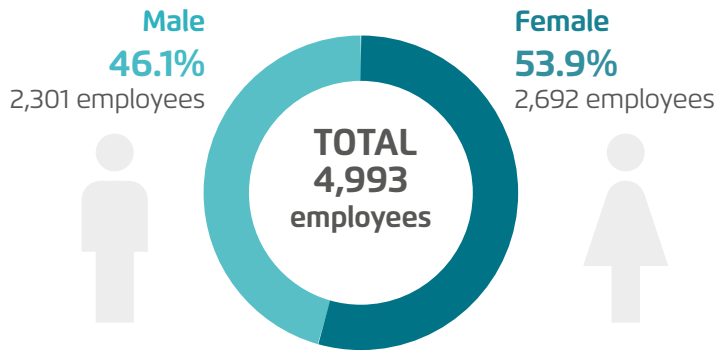
As of December 31, 2021, we had 4,993 full-time and temporary employees worldwide. Approximately 40 employees are currently represented by industry labor union organizations. Our technical talent includes more than 300 scientists, technicians, and skilled personnel in R&D and innovation.



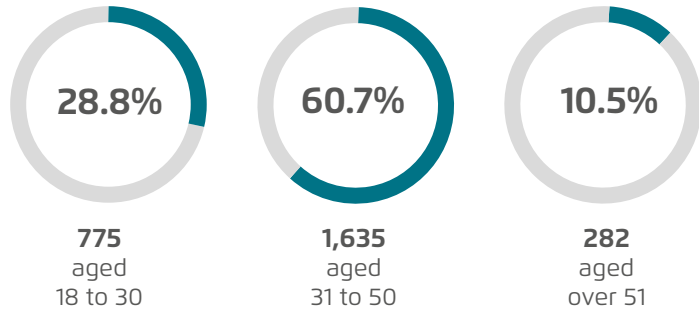
Distribution by region



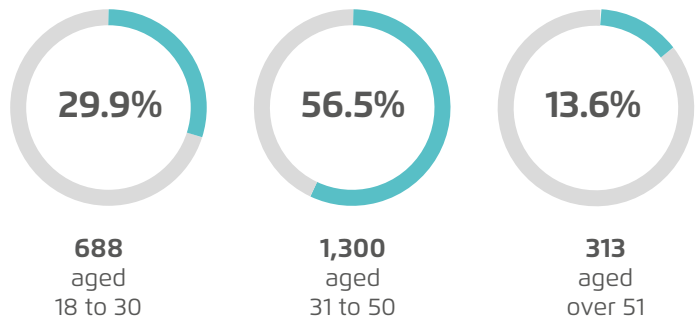
Gender composition



Female employees



Male employees



Human Talent

We want each of our employees to feel proud to be a part of Procaps Group. We strive to offer our employees the opportunity to develop their talent, drive their future growth, work in a decent environment, and find the necessary motivation to become better people every day.

Training Programs

404-2, HC-BP-330a.1

The past few years have brought on major global challenges and market changes. Turning this into an opportunity, we are dedicated to offering our employees access to holistic development and the tools they need to embody their commitment and meet our stakeholders’ needs by leveraging new technologies.

At Procaps Group, we support our employees’ professional development through education at different levels, from specific skills courses for the entire company to sponsoring specific Ph.D. programs in Colombia, where we have the highest proportion of R&D employees. In 2021, over 240 individuals were granted with sponsorships, which represented an investment that totaled approximately USD 60,000.

We hold an annual R&D symposium to update employees on product development, analysis techniques, and market trends.

In 2021, we continued to offer our Corporate University program, and we offered various courses and training opportunities for our employees through our “Virtual Campus” website which was launched in 2015 in Colombia and since 2018 has progressively expanded to other countries.



404-1, 404-2, HC-BP-330a.1

Our education activities are focused on six key areas of learning:

Corporate DNA

Enhancement of the Company's identity and culture.

- We promote our Corporate DNA in all the countries where we operate through internal communication channels and our Virtual Campus. These contents include our purpose, vision, corporate values, and ethical guidelines.



Operational excellence

Development of expertise in technical processes to meet quality standards.

- Brazil achieved 140+ training hours focused on occupational health and safety based on Brazilian technical norms, including working at height, equipment operation, materials management, and risk communication.



Leadership and development

Development of human and leadership competencies, managerial skills, assertive communication, and other skills.

- We offered the Management Skills for Team Leaders certified diploma, which was designed in partnership with a higher education institution and aimed at reinforcing our corporate leadership model. It was virtual, which made it possible to reach leaders from different countries.



Business and commercial management

Emphasis on sales techniques with a training school for B2B and B2C business models.

- Peru has achieved 1,600+ training hours focused on this field, reaching more than 50% of our employees in this country.



Digital culture

Training for the use of digital tools and technological competencies for all our employees.

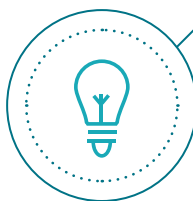
- A key aspect of our digital strategy is cybersecurity. During 2021, we carried out training on information security, social engineering, and ransomware issues for 1,100+ employees across nine countries.



Innovation and development

Development of creative and innovative thinking skills.

- We launched the Strategic Management of Innovation for the Pharmaceutical Sector certified diploma, which was designed in partnership with a higher education institution and aimed at developing our leaders' skills in managing business innovation processes. This program was virtual, which made it possible to reach leaders from different countries (e.g., Colombia, Ecuador, El Salvador, and Peru).
- "The R&D Symposium Research as a basis for innovation and science" was held with the participation of 315 employees.



279,637

training hours by the end of the year across the Corporation, with an average of **56 hours per employee**.



Attraction and Retention

401-1, HC-BP-330a.1

In 2021, we carried out several actions to attract and retain the best talent, including the following:

- In Colombia we launched the "My First Job, Youth for Health" program, which aimed at creating 200 new job positions in fields such as engineering, management, chemistry, and pharmacy for young people without previous work experience.
- To reinforce our commitment to the professional development of our current employees, 398 vacancies were filled by employees who were promoted.
- We support our employees and their families by focusing on strategies that boost productivity, motivation, and wellness in general. We implemented 80 programs that attracted 32,936 participants (because each employee could participate in more than one activity). These programs were based on four pillars of well-being: balance, integration, value, and self-care.



Balance

Promotes mental activation and vital balance through training and integral development.

- In Colombia, the "Among Us" program seeks to contribute to improving health and the quality of family life through psychological counseling, coaching sessions, and conference cycles. In 2021, the program benefitted over 840 people.



Value

Strengthens our organizational and social culture by promoting values and ethics.

- In 2021, we performed our **organizational climate and innovation culture survey**, which covered **4,100+ employees**.
- In 9 of the countries where we operate, we were recognized as a great place to work by the **Great Place to Work® Institute**.



Integration

Promotes spaces for interaction and balance between working, personal, and family life.

- In Colombia, the "Entrepreneurship and learning" program seeks to provide our employees' families with knowledge in entrepreneurship and budget management so that they acquire skills that enable them to generate income, and thus contribute to the improvement of their quality of life. In 2021, the program benefitted 100 people.



Self-care

Seeks to contribute to healthy lifestyles through self-care, aimed at employees and families.

- In El Salvador, we launched a well-being program aimed at improving our employees' health through achieving an adequate weight. It covered approximately 15% of the employees in the country. This program entered its second phase in Ecuador by monitoring a group of employees that comprised **over 30% of our total workforce in the country**.



401-3

We provide fair compensation, appropriate working conditions, and a wide range of employee benefits. Our programs, which vary by country or region, can include healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, and family leave, among many other benefits.



100%

of our employees who took parental leave in 2021, returned to their jobs.

Occupational Health and Safety Policies and Programs

103-1, 103-2, 103-3, 403-1, 403-2, 403-5, 403-6, 403-7

We reinforce our commitment to guarantee safe, healthy working conditions for internal talent, contractors, and third parties involved in our processes and to prevent injuries, health deterioration, and emergency situations by focusing on providing safe environments and risk reduction, supported by communication and participation of all employees. Our OHS program includes free training modules, the content and methodology of which are designed for the needs and particularities of each activity and job type.

In 2021, we experienced 170 work-related accidents across all countries with manufacturing facilities (i.e., Brazil, Colombia, and El Salvador), representing a 3.4% accident rate².

The Company seeks to mitigate physical, psychological, and/or emotional occupational risks and to guarantee safe workspaces. Risks are periodically assessed and managed across all locations. Our relevant actions include alliances with third parties (e.g., insurance companies) and complying with internal standard procedures and regulations in each country. Some examples of our risk management measures and OHS programs in 2021 include the following:

2. The accident rate is calculated by dividing the total number of accidents by the total number of employees.

- **Bolivia:** We provided OHS protocol communication and training for new brigade members.
- **Brazil:** we carried out an intensive training program in the prevention of conditions that could lead to accidents that put the integrity of our employees, the facilities, and the surrounding community at risk.
- **Colombia:** In 2021, we carried out 25 drills in Barranquilla and Bogota. We also enabled a digital management system for OHS data. This new process resulted in time optimization, monitoring and reporting efficiency improvement, and paper consumption reduction.
- **Ecuador:** We visited homes to evaluate and provide guidance on appropriate work-from-home spaces.
- **El Salvador:** We provided weekly talks about OHS throughout the year, monthly talks on specialized OHS practices, monthly sessions regarding handling chemical substances, and training in collaboration with the local fire department.
- **Guatemala:** We defined business travel guidelines for our employees that include COVID-19 testing prior to departure and upon return, international travel insurance, and stays in chain hotels that have a health and safety protocols.
- **Honduras:** We conduct weekly 5-minute lectures on occupational health and safety, accident prevention and ergonomics.
- **Nicaragua:** We provided maintenance and recharging of Chemical Powder and Carbon Dioxide fire extinguishers.
- **Peru:** We delivered emergency backpacks in the event of natural disasters to all our workers in the month of September 2021, and allied with third parties to provide specialized training, such as firefighter training.

Our approach to COVID-19

During the pandemic, we focused on disease prevention by mitigating and minimizing COVID-19 infections. Our priority has always been to safeguard our employees' health.

We undertook actions that involved expenses related to our employees' safety in connection with the pandemic, including logistic arrangements to minimize the exposure to COVID-19 such as transportation and workplace adaptations, lodgings, personal protection equipment, COVID-19 testing, and vaccination.

The actions taken to promote health and safety among our employees include the following:

Training and awareness

- We provided training about prevention, self-care, and good practices in and out of the office.
- Awareness campaigns were conducted through different internal channels to promote good safety practices, share guidelines for returning to offices, and communicate national and local news regarding COVID-19 as well as the different government measures according to each territory, as the pandemic and the vaccination process evolved.

Promoting access to medicines, sanitizers, and protection elements

- We provided masks, alcohol, and disinfectants, delivering them to employees and locating them in strategic places inside our facilities.
- Health kits (vitamins, supplements, masks, and prescription medications) were sent to the homes of workers isolated due to COVID-19.

Screening

- COVID-19 testing was offered to employees, contractors, and visitors. We performed over 50,000 screening tests (antibody, antigen, and PCR) to identify COVID-19 cases early and to rule out symptoms associated with other viral pathologies.
- Employees underwent daily temperature measurements upon entering and leaving our facilities.
- Work spaces were sanitized on an ongoing basis.
- Our employees were accompanied by health professionals at our production plants.



SOCIAL



403-1, 403-2, 403-5, 403-6, 403-7

Investment in a safe working environment

- We invested in infrastructure and services to follow the guidelines issued by sanitary authorities in each country such as:
 - » Transportation coverage for operating personnel working at the Colombian facilities.
 - » New equipment for our sales teams (i.e. antilfluid uniforms) in El Salvador, Honduras, Guatemala, and Nicaragua.

Vaccination awareness

- In all countries, our local HR teams performed campaigns to communicate official measures about each country's vaccination plans.
- In Colombia, we were one of the first companies to carry out workplace vaccinations for our direct and indirect employees, contractors and subcontractors, and employees' family members.

Mental health support

- In all countries, HR teams and allied third parties provided follow-up and other support for infected employees.
- In Colombia, we provided free psychological counseling for our employees and their families through our program "Among Us".

Constant monitoring and agile decision making

- We created national committees for COVID-19, generating conditions for constant monitoring and agile decision-making processes.

In 2021, our expenditures related to employee safety in connection with the COVID-19 pandemic totaled USD 3.8M.

OUR PLANET

- ▶ Environmental Management
- ▶ Greenhouse gas (GHG) emissions
- ▶ Energy
- ▶ Water
- ▶ Waste





Environmental Management

103-1, 103-2, 103-3

We are committed to aligning our activities and operations with the United Nations' Sustainable Development Goals by implementing practices that ultimately reduce our environmental impact by means of efficiency and productivity.

We have a comprehensive environmental management system, which allows us to comply with applicable legal and regulatory requirements, as well as to control and manage the risks and aspects that impact the environment. It has always been in our interest to develop responsible and conscious actions to ensure a positive impact on our environment and communities.

We have developed and implemented efficient energy, gas, water consumption and waste management mechanisms as part of the ongoing improvement of our environmental management system. This reflects our commitment to:

Promoting the responsible use of resources.

Preventing environmental pollution.

Fostering a culture of environmental protection and conservation among our stakeholders.

Reducing and reusing all solid waste generated through the adoption and continuous development of 3R (reduce, reuse, and recycle) strategies.

Greenhouse gas (GHG) emissions

In 2021, we launched our carbon neutrality strategy with the goal of:

1

Calculating our baseline carbon footprint and comparing it to that of similar businesses to identify a benchmark.

2

Identifying GHG emissions mitigation opportunities.

3

Developing a plan that combines mitigation and offsetting activities to reach carbon neutrality by a determined date.

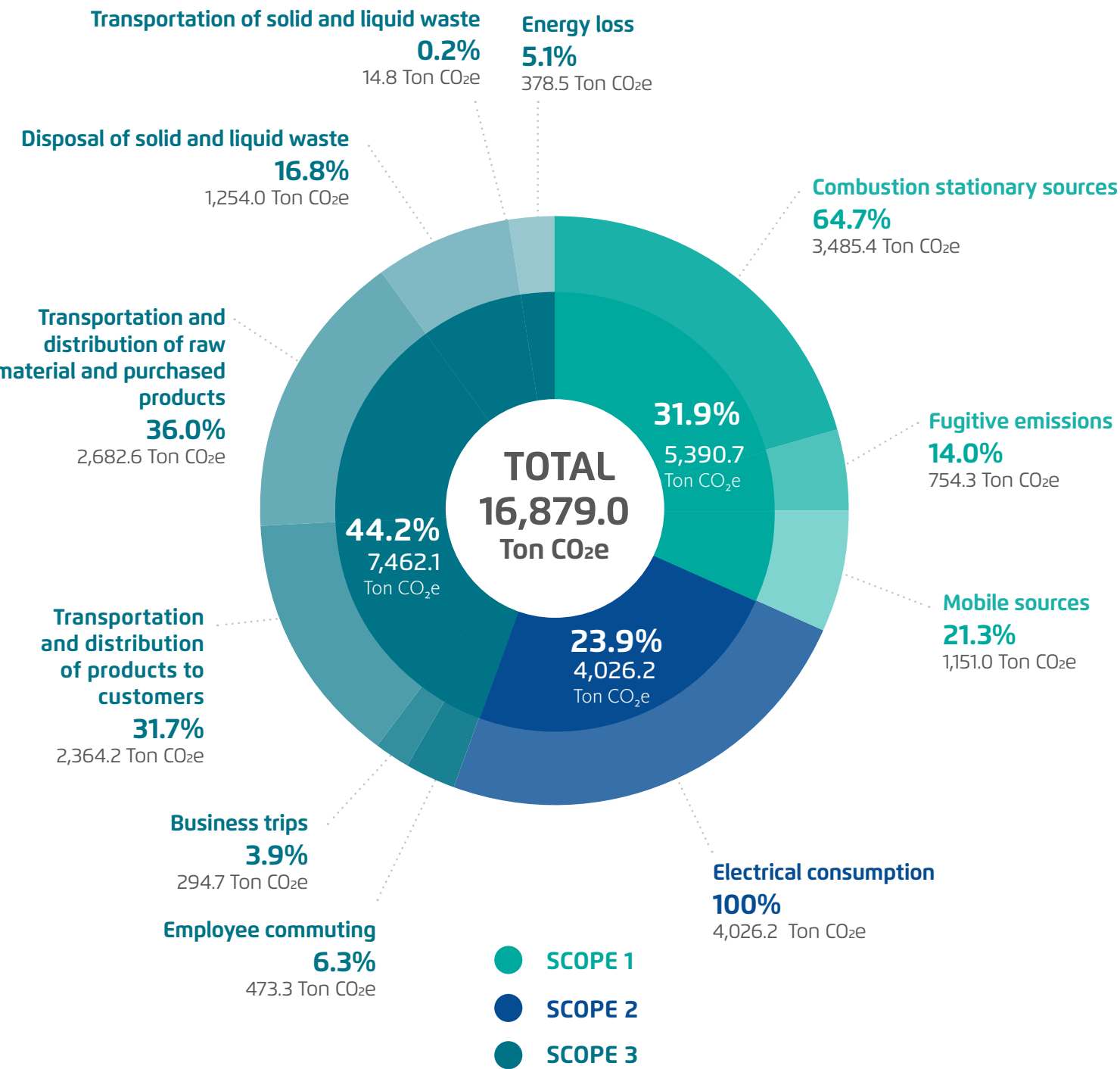




305-1, 305-2, 305-3

We began by calculating the carbon footprint of the Procaps Barranquilla facility in Colombia, which had the highest production volume in 2020. For this plant, the infrastructure and operations producing emissions were categorized as scope 1, 2, or 3, based on the type of activity or source.

Procaps Barranquilla Carbon Footprint



In 2022, we are including our facilities in El Salvador, Brazil, and the other facilities in Colombia, in the measurement of our carbon footprint. These results will provide us with the full extent of our carbon footprint and from this baseline, we will define a set of goals.

We have also identified viable opportunities for mitigating GHG emissions, some of which are currently in progress while others are under review for inclusion in our ESG initiatives. We have classified these opportunities into three scopes, and the actions within each scope are outlined below.

Scope 1

- Replacement of refrigerant gases with alternative gases.
- Implementation of new technologies for refrigeration systems.

Scope 2

- Enhancement of the self-generation plant (e.g. increasing capacity, implementing co-generation projects).
- Renewable energy projects.

Scope 3

- Optimization of transport routes for raw materials and company products.
- Implementation of a zero-waste project and strengthening of our comprehensive waste management.

Energy

302-1, 302-3, 302-4

During 2021, our total energy consumption was 130,815GJ, up 7.0% when compared to 2020. This increase was associated with a production increase in all our manufacturing facilities during the same period.

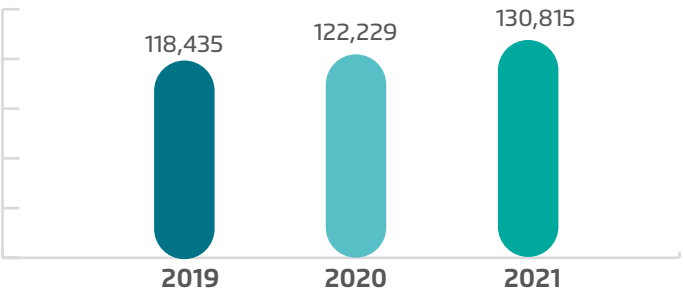


OUR PLANET



305-1, 305-2, 305-3

Energy Consumption (GJ)

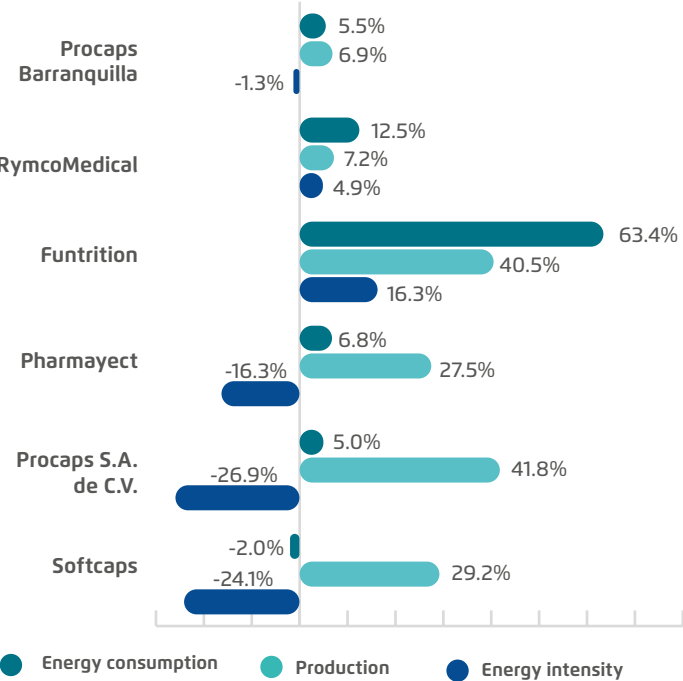


Energy efficiency

We strive to increase the energy efficiency of our manufacturing facilities. While the total energy consumption increased, the energy intensity decreased in four of our six manufacturing facilities³, including Procaps Barranquilla, where the highest energy consumption is concentrated.

A lower energy intensity value means that we can obtain more production from the same amount of energy. In Softcaps in Brazil, Procaps S.A. de C.V. in El Salvador, and Procaps Barranquilla and Pharmayect in Colombia, the production growth outpaced the energy consumption year-over-year.

Energy Intensity variation



3. This chapter does not include the West Palm Beach (USA) facility, since the acquisition took place during 2021 and a 12-months data analysis was not possible.



In 2021, production at the Pharmayect facility in Colombia increased by 27.5%, while its energy consumption increased by only 6.8%, accompanied by a 16.3% decrease in energy intensity.

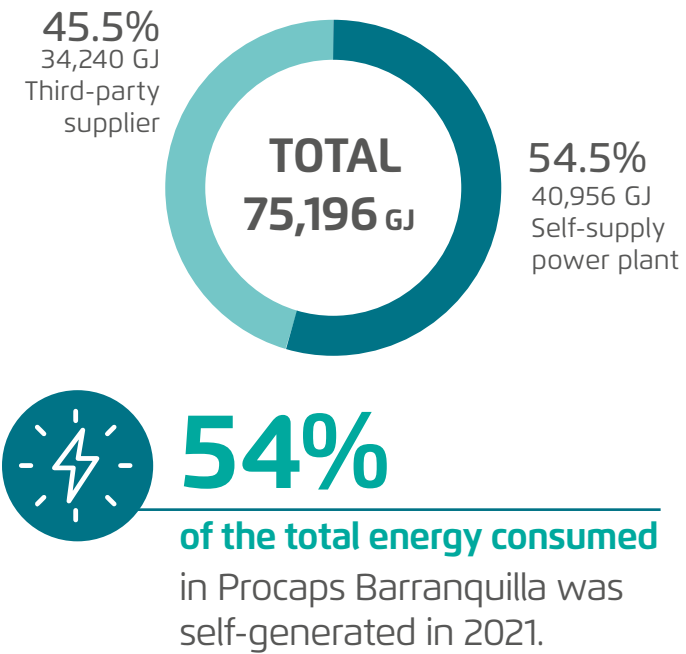
- Some actions that were taken to achieve this efficiency gain included:
- Progressive adoption of LED technology in the facility’s lighting system.
 - Implementation of strategies to reduce energy demand in the warehouses, as they were identified in 2020 as one of the highest consumption areas.
 - Optimization of manufacturing processes.

The government of Bogota, Colombia, awarded the Pharmayect facility the “Environmental Excellence” seal for its environmental management.



In April 2021, we completed the construction and implementation of a self-generation power plant in the Procaps Barranquilla facility. We can now count with our supply of energy, which brings benefits not only for us but also for the environment. This implementation prevents transmission energy losses of between 9% and 12%, and allows us to source energy at a lower cost.

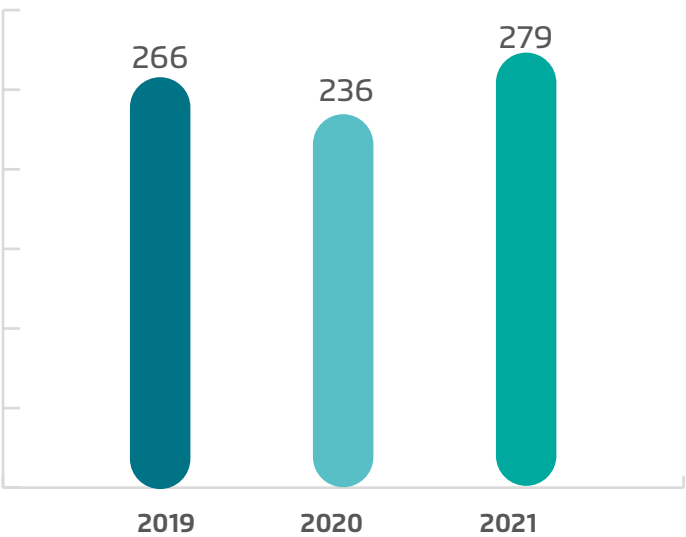
Procaps Barranquilla facility Energy consumption(GJ)



Water
303-5

Total volume of water consumed in 2021 was 279 ML. The level of water consumption is directly proportional to the level of production, therefore due to the increase in production in 2021, water consumption also increased.

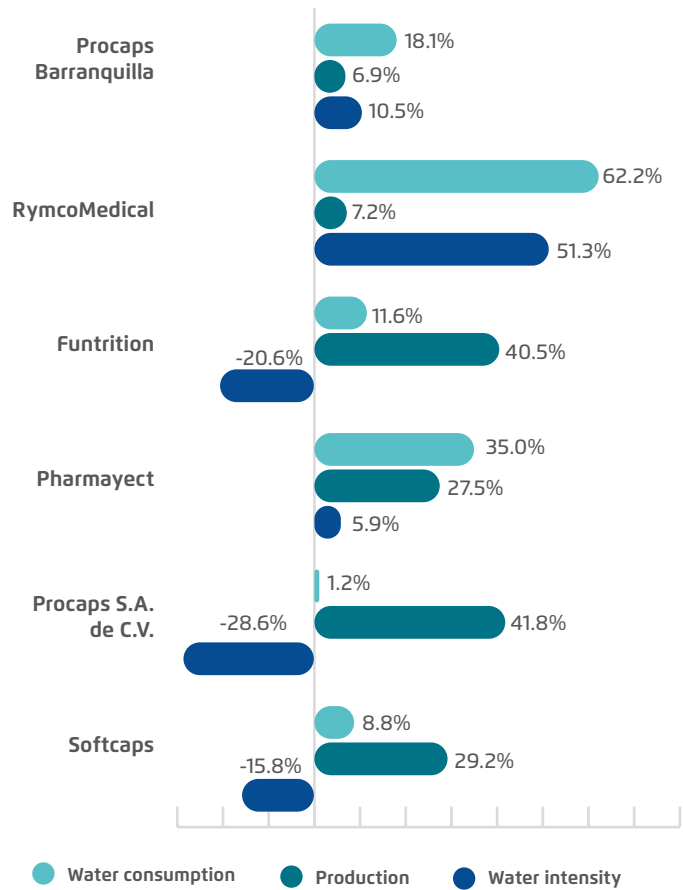
Water consumption (ML)



Water consumption efficiency

We are committed to responsibly using water and reducing the water intensity of our operations. In 2021, the water intensity decreased in three of our six facilities.

Water Intensity variation



Our Funtrition facility experienced an increase in production along with a decrease in the amount of water required per ton of product. Between 2019 and 2020, the tons of product manufactured in this facility increased by 26.7%, and between 2020 and 2021, the growth was 40.5%. This situation created a higher demand for water over the last three years.

Thanks to its environmental management program, which includes a water management pillar, the Funtrition facility management team has been able to develop actions to improve water consumption efficiency. During 2020, we evaluated the critical points of water consumption, and in 2021, the manufacturing capacity by batch was improved by the acquisition and initiation of operation of new gummy-production equipment, increasing the yield per resource unit.

Between 2019 and 2020, the amount of water required to produce 1 ton of gummies went down by 11.8%, and between 2020 and 2021, it decreased even more, by 20.6%.

In 2021, we were awarded the “ACERCAR” seal by the government of Bogota for Funtrition’s environmental management system.





Water discharge and treatment

303-4

The water discharged from all the manufacturing facilities complies with the regulations applicable in each location. The corporation does not directly discharge to water bodies; rather, in most of the cases, our facilities discharge into public sewage systems. In RymcoMedical, Colombia, a third-party secure deposit was used as a preventive measure due to certain components.

In three facilities in Colombia (Procaps Barranquilla, RymcoMedical, and Funtrition), we perform treatment processes to achieve the quality levels required for effluent to be discharged into public sewage systems. As both the water consumption and the production level increased in 2021, the amount of water treated increased as well by 22.4%.

Facility	Treated water (ML)		Growth
	2020	2021	
Procaps Barranquilla	31.6	38.5	21.7%
RymcoMedical	0.3	0.4	33.3%
Funtrition	0.3	0.5	93.8%
Total	32.2	39.4	22.4%

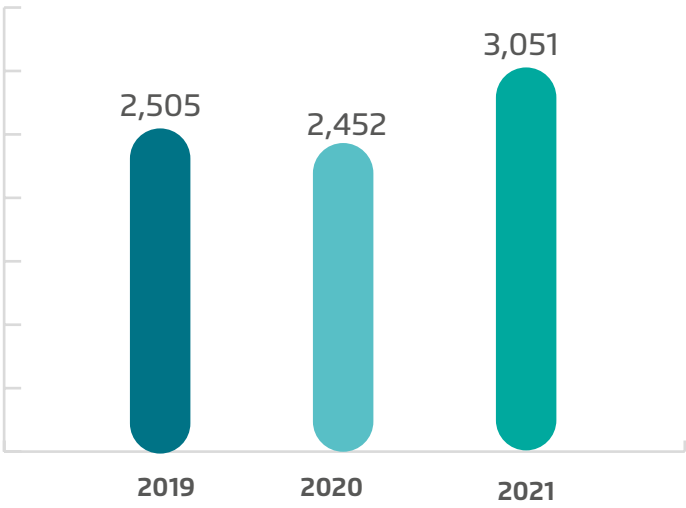


Waste

306-2, 306-3

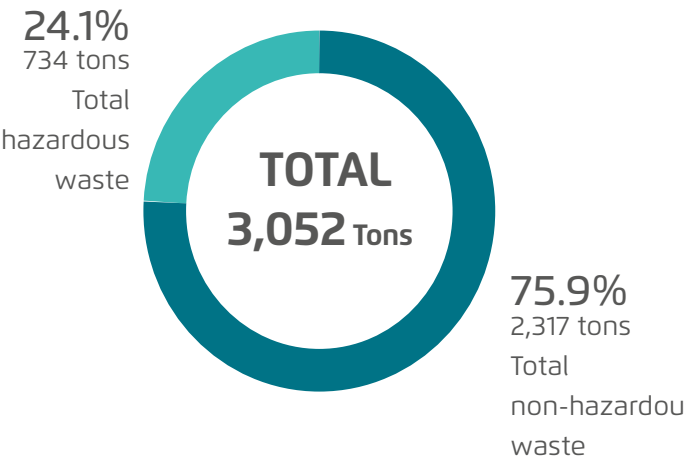
Our total waste generation was 3,051 tons, up 24.5% in 2021 when compared to 2020, mainly due to higher production added to infrastructure investments to increase production capabilities and adequations at some manufacturing facilities.

Total Waste generation (Ton)



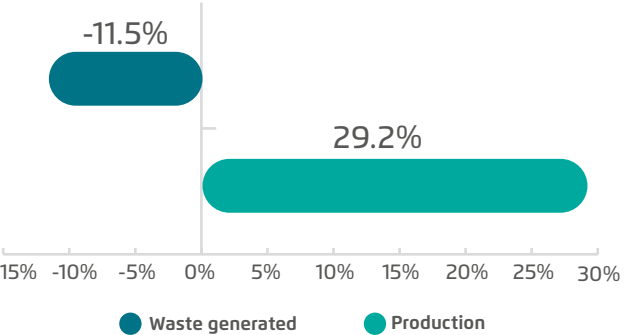
Of all the generated waste in the year, 2,317 tons (75.9%) was categorized as non-hazardous and 734 tons (24.1%) as hazardous waste. The volume of both types of waste increased at the same rate, compared to 2020.

Waste by composition



In 2021, our Softcaps facility in Brazil set an example of efficiency. While it experienced a 29.2% increase in production in 2021 compared to 2020, the total amount of waste generated decreased by 11.5% and the amount of waste generated per unit of production decreased 31.5%.

Softcaps's waste and production variation



Materials expenses decreased by 17%, in particular, gelatin consumption which went down by 20%, as a result of the acquisition and operation of new equipment for soft gelatin capsules production, among other initiatives aimed at improving efficiency.

Waste disposal

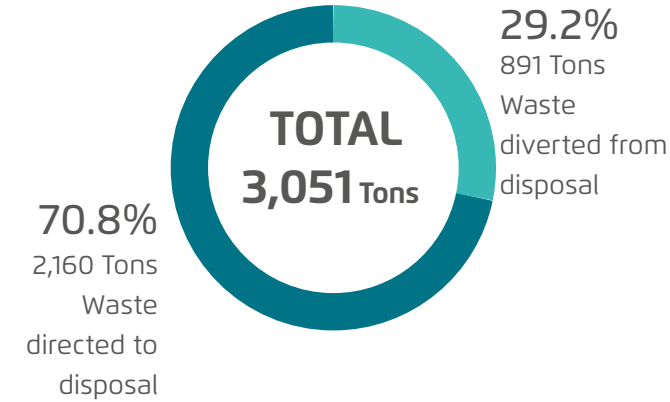
One of our efforts to reduce the impact of the generated waste was to increase the amount of waste diverted from disposal. We found alternatives in all the geographies to achieve this goal, mainly through recycling.

Thanks to initiatives that include returning materials to vendors for reprocessing and using waste as input for third-parties' manufacturing, 891 tons, or almost 30% of total waste, were not sent to disposal.



306-2, 306-3, 306-4, 306-5

Waste recovery and disposal



At Procaps Barranquilla, 124 tons of blister packs were collected and used as input for third-parties' processes, such as pipeline manufacturing. This amount represented 23.0% of the total waste diverted from disposal.

In addition, other types of waste were diverted to similar programs: 168 tons of paper and paperboard, 101 tons of plastic, and 77 tons of metallic material.

The Procaps Barranquilla waste management system was certificated as Zero Waste ("Basura Cero" in Spanish) in 2021. This process consisted of a comprehensive evaluation of implementing the circular economy principles in our operations. We are the first pharmaceutical company in Colombia and Latin America to obtain this certification.



CER911326



ABOUT THIS REPORT

- ▶ Reporting Process
- ▶ Stakeholders and Materiality Assessment
- ▶ Reporting Frameworks (SASB, GRI Content Index)





The information herein provided corresponds to the period comprising January 1, 2021 through December 31, 2021, and encompasses the most relevant issues evaluated by our stakeholders in the materiality assessment. Furthermore, we have taken into consideration the GRI Standards reporting principles for content—stakeholder inclusiveness, sustainability context, materiality, and completeness—as well as the reporting principles for quality—accuracy, balance, clarity, comparability, reliability, and timeliness.

This report has been prepared with reference to the GRI Standards, the Nasdaq ESG Metrics and using the Sustainability Accounting Standards Board (SASB) standards, in order to identify important material topics. We have selected the standards that are most directly related to our material topics and to the industry in which we operate, based on the Sustainable Industry Classification System (SICS).

Given that we are part of the healthcare sector, the industry chosen for this Sustainability Report was SASB Healthcare: Biotechnology Pharmaceuticals (HC:BP), which corresponds to the SASB Content Index.

The contents of this report were determined based on the materiality assessment detailed below.

For questions or feedback, contact ir@procapsgroup.com

Reporting Process

102-46, 102-52

This annual ESG Report details our main milestones and goals on Environmental, Social and Governance matters.



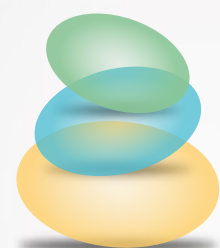


relations with stakeholders and the development of a responsible and sustainable business.

8. **Sustainable and resilient supply chain:** Coordinate and strengthen the supply chain in accordance with the Company's values and commitments. Conduct risk and opportunity management that are in line with a sustainable model for all stakeholders.
9. **Employee health, safety, and well-being:** Develop activities based on a self-care culture, focused on the prevention and mitigation of risks related to accidents, illnesses and fatalities of employees and contractors.
10. **Commitment to communities for social value generation:** Generate social value through our commitment to the development of sustainable initiatives that favor the health, entrepreneurship, and productivity of different communities.
11. **Environmental impact of products:** Understand and manage the environmental impacts and risks of the life cycle of medicines.
12. **Energy, waste, and water management:** Implement strategies aimed at saving and properly using water resources through processes that control, monitor and manage consumption and discharges. Manage and dispose of waste in line with the extended responsibility of the producer, the regulation of containers, and packaging and circular economy opportunities.
13. **Awareness and health education:** Strengthen our commitment to disclosure, awareness, and health education that align with the medicines and related diseases portfolio.
14. **Cybersecurity and data privacy:** Implement company strategy to prevent IT system failures and major information security/cybersecurity incidents. Ensure cybersecurity as well as personal data and company information protection to facilitate operations and reduce costs and reputational risks.

Based on this analysis, the following 14 material issues with potential impacts on the sustainability of the Company and its stakeholders were identified:

1. **Product safety, efficacy, and quality:** Ensure comprehensive management of the production process according to the highest standards, certifications and guarantees of safety and quality.
2. **Innovative R&D portfolio:** Invest in R&D initiatives and projects that strengthen our portfolio, with an emphasis on unmet needs or markets with difficult access to medicines.
3. **Availability and affordability of differentiated solutions:** Implement research and development, and operation and marketing strategies that contribute to the availability and timely access to quality and cost-effective medicines for patients, thus contributing to the health and well-being of communities, which is one of the Company's main social impacts.
4. **Ethical business culture:** Develop operations under a scheme of ethical principles and corporate values, transparency, and responsibility to stakeholders.
5. **Human talent, inclusion, diversity, and equality:** Manage and cultivate human talent as a key resource for achieving organizational objectives based on development strategies, well-being, diversity, culture and health for the personal and professional teams' growth.
6. **Financial sustainability:** Implement comprehensive management of the production process in accordance with the highest standards, certifications, and safety and quality guarantees, together with financial discipline to achieve long-term economic results for the business.
7. **Corporate governance and risk management:** Leverage governance structures in compliance with good governance standards that guarantee strategic



Contributing to
SUSTAINABILITY

Stakeholders and Materiality Assessment

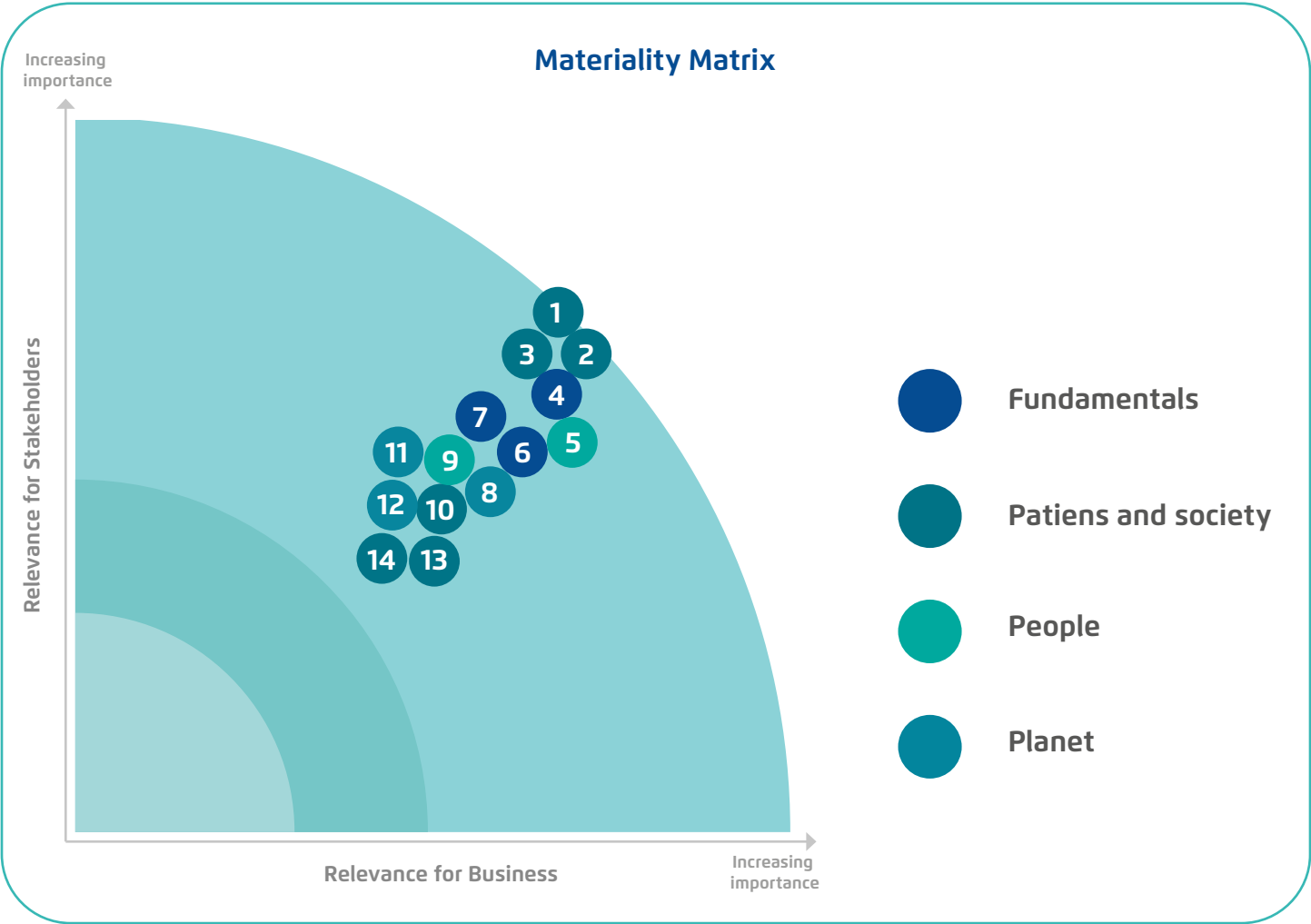
102-44, 102-46

In 2022, we developed a materiality assessment based on its 2021 achievements to identify the most relevant focal points for the sustainability of the business in the coming years. This analysis was carried out following the Global Reporting Initiative (GRI) guidelines while also considering sectorial frameworks, industry context, and the Company's strategic business definitions.



102-40, 102-42, 102-43, 102-44, 102-46, 102-47









To prioritize these issues, we communicated with key stakeholders through 10 interviews, 6 workshops, and 852 surveys, gathering the feedback from 876 people representing employees, senior leadership, suppliers, customers, business partners, communities, and strategic partners. The participants rated the topics according to the business risks and strategic objectives. After internal validations and cross-referencing with the corporate strategy, the following materiality matrix was defined:



This assessment outlines specific priorities regarding our social and environmental challenges supported by four pillars: fundamentals, patients and society, people, and planet. These priorities aim to ensure an appropriate governance structure, strategic path, and a monitoring scheme including long-term ESG KPIs.

Sustainability Accounting Standards Board (SASB) Content Index

Biotechnology & Pharmaceuticals

Code	Accounting Metric	Response	ODS
Safety of Clinical Trial Participants			
HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	p. 58	 
Access to Medicines			
HC-BP-240a.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	p. 59, 60	
Drug Safety			
HC-BP-250a.1	List of products listed in the Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database	We have no reported cases related to quality issues. In 2021, the FDA did not issue any alerts on products manufactured by the Corporation. No fatalities associated with adverse effects, market and/or product recalls, or GMP non-compliances have been reported.	
HC-BP-250a.2	Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System		
HC-BP-250a.3	Number of recalls issued, total units recalled		
HC-BP-250a.5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type		
Counterfeit Drugs			
HC-BP-260a.1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	p. 58	 
Employee Recruitment, Development & Retention			
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	p. 69-71	 



Global Reporting Initiative (GRI) Content Index

GRI Standard	Content	Page/Direct Response	SDGs
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016			
1. Organizational profile			
102-1	Name of the organization	Procaps Group S.A.	
102-2	Activities, brands, products, and services	p. 10, 11, 22-25	
102-4	Location of operations	p. 14-17	
102-6	Markets served	p. 11, 12, 23-25	
102-7	Scale of the organization	p. 12, 27, 68	
102-8	Information on employees and other workers	p. 68, 69	
102-11	Precautionary Principle or approach	p. 48, 49	
2. Strategy			
102-14	Statement from senior decision-maker	p. 6-8	
102-15	Key impacts, risks, and opportunities	p. 6-8	
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	p. 18-20, 44-47	
102-17	Mechanisms for advice and concerns about ethics	p. 44-47	
4. Governance			
102-18	Governance structure	p. 38-42	
102-22	Composition of the highest governance body and its committees	p. 39-42	
102-23	Chair of the highest governance body	p. 39	

GRI Standard	Content	Page/Direct Response	SDGs
102-24	Nominating and selecting the highest governance body	p. 39, 42	
5. Stakeholder engagement			
102-40	List of stakeholder groups	p. 90	
102-41	Collective bargaining agreements	p. 68	
102-42	Identifying and selecting stakeholders	p. 90	
102-43	Approach to stakeholder engagement	p. 90	
102-44	Key topics and concerns raised	p. 88-90	
6. Reporting practice			
102-46	Defining report content and topic Boundaries	p. 86-90	
102-47	List of material topics	p. 90	
102-50	Reporting period	p. 87	
102-52	Reporting cycle	p. 86	
102-53	Contact point for questions regarding the report	p. 87	
102-55	GRI content index	p. 92-97	
MATERIAL TOPICS			
Product safety, efficacy, and quality			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 56-58	
103-2	The management approach and its components	p. 56-58	
103-3	Evaluation of the management approach	p. 56-58	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 57	




GRI Standard	Content	Page/Direct Response	SDGs
Innovative R&D portfolio			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 53-56	 
103-2	The management approach and its components	p. 53-56	 
103-3	Evaluation of the management approach	p. 53-56	 
Availability and affordability of differentiated solutions			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 59, 60	
103-2	The management approach and its components	p. 59, 60	
103-3	Evaluation of the management approach	p. 59, 60	
Ethical business culture			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 44-47	
103-2	The management approach and its components	p. 44-47	
103-3	Evaluation of the management approach	p. 44-47	
GRI 205: ANTI-CORRUPTION 2016			
205-2	Communication and training about anti-corruption policies and procedures	p. 45	
Human talent, inclusion, diversity, and equality			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 66-73	
103-2	The management approach and its components	p. 66-73	
103-3	Evaluation of the management approach	p. 66-73	
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover	p. 71	



GRI Standard	Content	Page/Direct Response	SDGs
401-3	Parental leave	p. 72	
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee	p. 70	 
404-2	Programs for upgrading employee skills and transition assistance programs	p. 67, 69, 70	  
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees	p. 69	 
Financial sustainability			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 6-9, 12, 13, 19	
103-2	The management approach and its components	p. 6-9, 12, 13, 19	
103-3	Evaluation of the management approach	p. 6-9, 12, 13, 19	
Corporate governance and risk management			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 36-49	
103-2	The management approach and its components	p. 36-49	
103-3	Evaluation of the management approach	p. 36-49	
Employee health, safety, and well-being			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 72, 73	 
103-2	The management approach and its components	p. 72, 73	 
103-3	Evaluation of the management approach	p. 72, 73	 
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	Occupational health and safety management system	p. 72, 73	 
403-2	Hazard identification, risk assessment, and incident investigation	p. 72, 73	 



GRI Standard	Content	Page/Direct Response	SDGs
403-5	Worker training on occupational health and safety	p. 72, 73	 
403-6	Promotion of worker health	p. 72, 73	 
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 72, 73	 
Commitment to communities for social value generation			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 60-65	 
103-2	The management approach and its components	p. 60-65	 
103-3	Evaluation of the management approach	p. 60-65	 
GRI 413: LOCAL COMMUNITIES 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	p. 60-65	  
Energy, waste, and water management			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 76-83	  
103-2	The management approach and its components	p. 76-83	  
103-3	Evaluation of the management approach	p. 76-83	  
GRI 302: ENERGY 2016			
302-1	Energy consumption within the organization	p. 79, 80	
302-3	Energy intensity	p. 79, 80	
302-4	Reduction of energy consumption	p. 79, 80	
GRI 303: WATER AND EFFLUENTS 2018			
303-4	Water discharge	p. 82	
303-5	Water consumption	p. 80, 81	



GRI Standard	Content	Page/Direct Response	SDGs
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	p. 78, 79	
305-2	Energy indirect (Scope 2) GHG emissions	p. 78, 79	
305-3	Other indirect (Scope 3) GHG emissions	p. 78, 79	
GRI 306: WASTE 2020			
306-2	Management of significant waste-related impacts	p. 82, 83	
306-3	Waste generated	p. 82, 83	
306-4	Waste diverted from disposal	p. 83	
306-5	Waste directed to disposal	p. 83	
Awareness and health education			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 62-65	 
103-2	The management approach and its components	p. 62-65	 
103-3	Evaluation of the management approach	p. 62-65	 
Cybersecurity and data privacy			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its Boundary	p. 49	
103-2	The management approach and its components	p. 49	
103-3	Evaluation of the management approach	p. 49	
GRI 418: CUSTOMER PRIVACY 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 49	



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