

2021 CORPORATE SUSTAINABILITY REPORT





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A MESSAGE FROM OUR CEO

Dear Stakeholders,

It's hard to believe it's been more than a year since we launched RxEvolution, our strategy to dramatically change our business and revolutionize our industry through the lens of whole health. What's even more unbelievable is that on the same day we launched our RxEvolution strategy, COVID-19 stay-at-home orders were announced. Our strategy was not just integral to our business, it became essential to our communities.

This has been a remarkable time for our business. Through a year marked by COVID-19, social unrest and political divisiveness, our associates have worked tirelessly to support the communities that depend on us. We have played a pivotal role in keeping our customers healthy, and we are now playing an even bigger role by administering COVID-19 tests and vaccines that will help facilitate our national return to normalcy. Our work grows in importance by the day.

The year 2020 put a spotlight on the significance of corporate sustainability, most notably on social issues like human capital management, diversity, equity and inclusion, and health inequities in underserved communities. We recognize the importance of environmental and social sustainability to our brand, customers and associates, which is why we formalized our efforts with the release of our inaugural report in 2019. Over the last year, we have made a concerted effort to enhance our ESG strategy and overall approach to sustainability. Our strategy and key focus areas were influenced by the important role we play in the communities we serve, and our promise to keep our associates, customers and communities healthy. Furthermore, we focused on ESG ratings, reporting frameworks such as SASB, CDP, and TCFD, conversations with stockholders, stakeholder expectations, and emerging trends.



Throughout 2020, we executed on opportunities like responding to CDP's climate change questionnaire for the first time; adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and publishing our first report aligned to the TCFD's recommendations; hiring a VP of Diversity, Equity and Inclusion to formalize our DE&I strategy; and reimagining a workplace in which every associate can thrive.

As we look to the year ahead, we plan to establish additional performance targets around our key focus areas. We look forward to maintaining transparency and celebrating progress with our stakeholders as we accelerate both our ESG and RxEvolution journey. While the COVID-19 pandemic has presented us with many challenges, it has also shown us the importance of resilience and teamwork, while highlighting the essential role we play in healthcare. Every day we're helping our communities in the most meaningful way possible, all while showing them that we're a whole new Rite Aid. And for that, I am incredibly thankful and also very proud.

Together,

A handwritten signature in black ink that reads "Heyward Donigan".

Heyward Donigan
President and Chief Executive Officer, Rite Aid

COMPANY PROFILE

Who we are and where we are headed

Rite Aid is committed to fundamentally changing our role in health care and becoming the industry leader in Whole Health.

We are radically changing our business to help our customers radiate wellness and get thriving.

Our strategy is composed of three main pillars:

- Establishing our PBM, Elixir as a clearly differentiated market leader
- Unlocking the value of our pharmacists
- Renewing our retail and digital experience



In just one year, we have made a tremendous amount of progress:

- We launched the new Rite Aid brand
- We rebranded our pharmacy benefits management company as Elixir
- All Rite Aid pharmacists received specialized training to qualify them as integrative pharmacy specialists
- Introduced whole health merchandise
- Updated half of our stores with our new brand
- Launched our new store remodel program
- Accelerated our integration with our PBM, Elixir
- Acquired Bartell Drugs

Recognition for our RxEvolution:

- Named Pharmacy Innovator of the Year by *Drug Store News*
- Our President and CEO, Heyward Donigan, was named Retailer of the Year by *Chain Drug Review*





Flagship Stores

Delivering on our promise to strike the perfect fusion of traditional medicines and alternative remedies, we launched three of our flagship concept stores in 2020, with plans to expand in the future.

- Etters, PA
- Littleton, NH
- Moscow, PA

Through our flagship locations, we are revolutionizing the classic drug store layout by bringing our pharmacists out from behind the counter, allowing them to engage more meaningfully with our customers.

We are elevating the in-store experience by refreshing merchandise to include a wider assortment of products with the attributes customers are seeking today- free from, organic, environmentally friendly, etc.



Our Operations

Headquarters: Camp Hill, Pennsylvania

- Healthcare services and retail company
- \$24 billion in total revenue (including Elixir)
- 6,500 pharmacists [SASB Drug Retailers; HC-DR-000.D]
- 500K scripts filled per day [SASB Drug Retailers; HC-DR-000.C]
- Over 2,500 retail pharmacies serving thousands of local communities in 17 states [SASB Drug Retailers; HC-DR-000.A]
- 50,000 associates
- 7 Distribution Centers
- Pharmacy Central Fill Facility
- Thrifty Ice Cream Plant



Our Wholly Owned Subsidiaries

Health Dialog

Health Dialog provides healthcare coaching and disease management services to health plans and employers using a call-in line staffed by nurse practitioners and through an online platform.

Bartell Drugs

For more than a century, Bartell's has been an integral part of the fabric of Seattle and neighboring communities serving families with pharmacy services while promoting the health and well-being of local communities. Founded in 1890, Bartell Drugs generates over \$550 million in revenue and fills approximately 5.5 million prescriptions annually across its 67 stores in Seattle and throughout King, Snohomish and Pierce counties in Washington State. In December 2020, Bartell Drugs' stores joined Rite Aid's existing 69 Seattle area stores and will continue to operate under the Bartell Drugs name. The greater Seattle area is made up of a large and growing number of people who share Rite Aid's holistic health mindset. These same customers value the expanded role pharmacists play in choices impacting the well-being of their families. Rite Aid supports these families as a whole health destination with pharmacists that embrace their role as the everyday extension of the broader healthcare ecosystem. By deepening the organization's commitment to families in the Seattle area, Rite Aid is better positioned to support the health and well-being of its customers, as well as the many notable regional health plans and health systems in the region which serve them.

Pharmacy Benefit Management

ELIXIR

Elixir is a pharmacy benefits and services provider that offers pharmacy benefit management services, Medicare-approved prescription drug plans, mail and specialty pharmacy services and prescription discount programs servicing more than 1 million customers a day. With its connection to more than 2,500 Rite Aid stores, Elixir is able to leverage enterprise assets to optimize the full pharmacy care experience. Being independent from a health insurer, Elixir partners with clients to align with their goals and craft solutions to their pharmacy benefits challenges.

- \$8 billion in annual revenue
- Over 3 million lives covered
- 68.7 million claims adjudicated in 2020
- Over 2,000 clients

CORPORATE GOVERNANCE

Our Board of Directors

The members of our Board of Directors are dedicated to serving the interests of our shareholders, and all of our Board members, other than the CEO, are independent.

In 2018 and 2019, we added five new independent directors to our nine-member Board and, in 2019, Heyward Donigan was appointed Chief Executive Officer and Board member. In August of 2020, we appointed Bari Harlam to our Board of Directors. A successful C-suite leader, marketer, educator and author, Ms. Harlam brings deep marketing expertise and a powerful understanding of the customer of the future to the company's Board. Through the process of refreshing our Board over the past few years, the Board has increased its racial and ethnic diversity, with four of the nine Board members being racially or ethnically diverse. The Board also made gender diversity a priority as part of its most recent phase of its refreshment. With the appointment of Ms. Donigan to the Board in 2019, and Ms. Harlam in 2020, four of the nine Board members are female.

You can learn more about our Board of Directors here:
<https://www.riteaid.com/corporate/governance/board-of-directors>

Our Code of Ethics

At Rite Aid, our goal is to follow the highest principles of ethics and honor in all of our relationships, including those with our customers, associates, suppliers, stakeholders and shareholders. We established our Code of Ethics and Business Conduct to reinforce our commitment to ethical business practices. Our code not only applies to Rite Aid associates and our Board of Directors, but also to our suppliers and other companies with which Rite Aid works. You can view our Code of Ethics here:
<https://www.riteaid.com/corporate/governance/code-of-ethics>

Governance in Corporate Sustainability

Rite Aid is committed to Corporate Sustainability throughout our business and the communities we serve. We are dedicated to integrating Environmental, Social and Governance initiatives into our operations, not only to create long-term value for our stockholders, but to meet the growing expectations of our associates, customers and shareholders.

Our Nominating and Governance Committee of the Board of Directors is responsible for the oversight of our environmental, social and corporate governance policies, trends and activities. Our Corporate Sustainability Committee provides quarterly updates to our Nominating and Governance Committee. The Corporate Sustainability Committee is comprised of senior-level leadership stakeholders with cross-functional representation within the company. The Corporate Sustainability Committee produces our annual ESG report and leads progress on sustainability initiatives and programs throughout the company.

Our Corporate Sustainability Committee has leadership representation from the following areas:

- Human Resources
- Risk Management
- Indirect Procurement
- Finance
- Marketing/Brand Development
- Store Planning
- Pharmacy and Retail Operations
- Investor Relations
- Communications/Public Relations
- Legal
- Internal Assurance
Services &
Compliance
- Supply Chain
- Community
Involvement



OUR ESG STRATEGY

While 2020 was a year defined by the devastating impacts of a global pandemic, racial injustice and civil unrest, increased scrutiny over a warming climate and political turmoil, we were tenacious about transforming our business while also serving our communities. Over the last twelve months, we’ve watched, listened and responded.

As a result, we’re taking a holistic and proactive approach to our ESG strategy through increased investor outreach, peer benchmarking and gap analysis, and understanding the shifting expectations of our stakeholders. We’ve identified our key focus areas for improvement and restructured our ESG report into four pillars: Thriving Planet, Thriving Business, Thriving Workplace and Thriving Community. Within each pillar we formalized our primary sustainability goals, which go hand in hand with our RxEvolution and transformed business strategy. Going forward, we will establish performance targets to measure progress and support the achievement of our goals.

ESG is a key priority to our business, and we are committed to being intentional about communicating where we are on our sustainability journey, and where we’re headed.



Thriving Planet

Goal:

Reduce our overall environmental impact.

We will achieve this by:

- Reducing our energy demand.
- Transitioning to and investing in lower carbon energy sources.
- Reducing waste.
- Improving fleet efficiency.

Material topics:

- Energy management
- Fleet fuel management
- Waste reduction and minimization
- Supply chain optimization

Thriving Business

Goal:

Embed sustainability into every level of our value chain.

We will achieve this by:

- Improved supply chain transparency and engagement.
- Formalizing expectations through environmental and social sourcing guidelines and policies.
- Procuring sustainable products in line with our RxEvolution strategy.
- Enhancing consumer transparency around sustainable product and sourcing attributes through a renewed retail and digital experience.

Material topics:

- Responsible sourcing
- Product safety, quality, health and nutrition
- Drug supply chain integrity
- Data security and privacy



Thriving Workplace

Goal:

Optimize associate experience, opportunity and wellbeing across our organization.

We will achieve this by:

- Implementing transformative DEI strategy and people practices to drive positive business outcomes.

Material topics:

- Diversity, equity and inclusion
- Associate development
- Total rewards and recognition
- Communication and engagement
- Health and safety
- Labor practices

Thriving Community

Goal:

Improve health outcomes and provide better access to care in the communities we serve.

We will achieve this by:

- Improving patient interactions and outcomes by unlocking the value of our pharmacists.
- Making medications more affordable for everyone through our PBM, Elixir.
- Providing wellness coaching through Health Dialog.
- Partnering with organizations throughout our markets to address inequities in vulnerable and underserved populations.
- Raising awareness and education on prescription drug safety and drug abuse prevention.
- Raising funds to support charitable activities in the communities we serve through an independent public charity, The Rite Aid Foundation.

Material topics:

- Patient health outcomes at Rite Aid
- Managing the opioid crisis
- Patient health outcomes at elixir
- Wellness programs at health dialog
- Community involvement

COVID-19 EFFORTS

Serving a Critical Role During a Global Pandemic

As an essential healthcare company, it’s our duty to operate sustainably during a global crisis. Over the last 15 months, our customers and communities have needed us more than ever. Rite Aid associates have been at the heart of our response to the pandemic, safely providing communities with essential information, supplies, services and support for COVID-19 testing and vaccinations.

Throughout this global crisis, our stores have remained open, our distribution centers have worked tirelessly to keep our stores stocked, and our corporate associates have shifted to supporting our frontline from home. Our business has never been more resilient.

Our Rite Aid team members continue to demonstrate their commitment to support the health and wellness of our customers and communities each day. This has been a team effort, and nothing short of extraordinary.

Here are the highlights of our ongoing response and efforts over the last 15 months.





Testing

In the face of the unprecedented COVID-19 pandemic, Rite Aid has been on the front lines of healthcare delivery in many of the hardest-hit cities across America. We were proud to join the White House COVID-19 Response Working Group in March 2020 and help significantly expand the nation's self-swab testing capacity. As of April 15, 2021, we had over 1,200 COVID-19 drive-thru testing locations where we offer free COVID-19 testing to anyone over age 4, regardless of symptomatic status.

Vaccines

In February 2021, Rite Aid joined the Federal Retail Pharmacy Program to provide COVID-19 vaccines. At the outset, Rite Aid received federal allocations of the Pfizer and Moderna vaccines in seven jurisdictions, and soon thereafter received the Johnson & Johnson vaccine. As of June 1, 2021, we had administered over 5 million COVID-19 vaccines across 19 jurisdictions. As of May 12, 2021, COVID-19 vaccines are available to anyone 12 and older and all Rite Aid locations are administering vaccines either by appointment or walk-in. Additionally, Rite Aid has conducted thousands of community clinics, including clinics for vulnerable or underserved populations.

Rite Aid also has undertaken efforts to educate our communities about COVID-19 testing, vaccine eligibility and availability, vaccine safety, and measures we take to keep our associates, customers, and communities safe through a COVID-19 information resource on our website, at www.riteaid.com/covid-19.

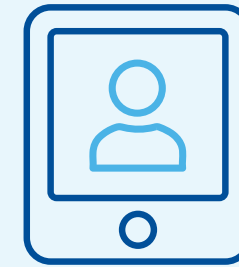
Learn how we can help you stay healthy and stay safe.

Rite Aid's COVID-19 measures are designed to keep our customers and communities safe.

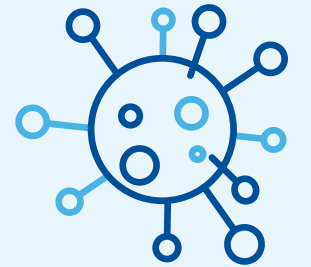


FREE* COVID-19 TESTING
Testing available to anyone 4+.

*through partnership with Department of Health and Human Services



RITE AID VIRTUAL CARE
Schedule a video chat appointment with a virtual care clinician.



QUESTIONS ON COVID-19?
Stay up-to-date on important health and safety updates regarding COVID-19.



RX DRIVE-THRU
Pick up prescriptions and household essentials at a store near you.



FREE RX DELIVERY
Get your prescriptions delivered conveniently to your doorstep at no cost.



ORDER ONLINE
Shop online for ship-to-home. For same-day delivery, we have partnered with Instacart.

Equity and Underserved Communities- our mission to improve access to COVID-19 vaccines

The CDC recognizes equity is dependent on easy access to information, affordable testing and medical care. Ensuring equitable access to the vaccine is a top priority for Rite Aid alongside our federal, state and local partners. In fact, the Rite Aid locations that have been selected to administer the vaccine were chosen in part due to their proximity to areas high on the CDC’s social vulnerability index, which identifies communities that may need extra support. We’re helping to reach the people who need it most right where they live and work and we won’t stop until we have put an end to this pandemic.

To address current equity considerations in communities in which we do business, we have developed the following initiatives:

1) Grassroots Community Clinics:

In partnership with federal, state and local officials, community organizations, churches and advocacy organizations, we have provided vaccines to underserved communities through community clinics. We have found that community partnerships are a powerful tool in the fight for vaccine equity.

To date, we have conducted thousands of community clinics, and have administered tens of thousands of vaccinations during these clinics. Examples of partnerships include:

- **NAACP:** Collaborated with the Pennsylvania State Chapter of the National Association of the Advancement of Colored People (NAACP) to conduct multiple clinics to deliver vaccinations to underserved communities in Philadelphia and Pittsburgh. We plan to expand this relationship
- **Newark Equitable Vaccine Initiative:** Partnered with Newark Mayor Ras Baraka, Essex County Executive Joe DiVincenzo,

University Hospital CEO Shereef Elnahal and a host of other government and community leaders to launch the Newark Equitable Vaccine Initiative, the first-ever fully community-powered campaign to increase access to, and equity in, vaccine distribution in Newark.

- **Congressional Hispanic Caucus Chair, Representative Raul Ruiz:** Partnership with Representative Raul Ruiz, Chairman of the Congressional Hispanic Caucus, to conduct a weekly clinic in California’s 36th district that provides 1,000 vaccines per week in a region with limited access to healthcare.
- **Additional Elected Officials:**
 - Rite Aid partnered with U.S. Senator Ron Wyden, Congresswoman Grace Napolitano, Congresswoman Mary Scanlon, Congressman Brendan Boyle, and dozens of mayors and local city officials to conduct clinics in their respective states, districts and cities.
- **Local Community “Pop-Ups”:** Executed “pop-up” clinics at churches and community organizations across all of our FRPP jurisdictions, in cities such as Philadelphia, Detroit, and New York City to name just a few.

2) Improvements and evolution of scheduling tools, accessibility and language options:

We recognize the challenges online scheduling can present with respect to equity; however, online scheduling remains a core tool in our toolbox due to the benefits it provides with respect to maximizing the speed and efficiency with which we can schedule appointments across jurisdictions.

As such, we’ve:

- Added Spanish language on all scheduling tools
- Developed clinical handouts in multiple languages available for in-store use
- Offered bi-lingual assistance for our IVR system

In addition to scheduling tool enhancements, we now offer walk-in appointments at all stores.

Associate and Customer Safety

When COVID-19 hit, Rite Aid quickly established a task force to develop and communicate operational guidelines, policies and procedures to keep our associates and customers safe. We continue to prioritize safety in our stores, distribution centers and offices, implementing face mask requirements, social distancing, capacity limits and enhanced cleaning and sanitation protocols.

We have taken numerous steps to ensure that Rite Aid can continue providing these vital services, including:

SERVING ASSOCIATES BY:

- Implementing Hero Pay and Hero Bonus programs to show appreciation for the exceptional commitment of Rite Aid associates on the front lines.
- Instituting a temporary administrative leave program for associates who are 65+, at increased risk for severe illness from COVID-19, or not comfortable coming to work.
- Instituting a temporary Pandemic Pay program that ensures associates are compensated if diagnosed with the virus or quarantined because of exposure.
- Implementing specific internal protocols to keep associates safe and ready to serve customers, including the installation of clear plastic barriers at pharmacy and front-end counters to provide additional protection.
- Providing associates with disposable masks, cloth face coverings, gloves, and face shields to protect them while at work.

SERVING CUSTOMERS BY:

- Launching Rite Aid Virtual Care, telehealth powered by RediClinic to better serve patient needs.
- Designating a senior shopping hour to limit exposure for older customers or those at increased risk for severe illness.
- Establishing social distancing procedures that include marking floor areas in front of the pharmacy and front-end counters to show six feet of separation.
- Waiving delivery fees for eligible prescriptions.
- Following enhanced cleaning and sanitization protocols designed specifically to prevent the spread of a wide spectrum of viruses, including COVID-19 and influenza.
- Making complimentary masks available to customers.
- Making hand sanitizer and wipes available to customers and associates.



More Information

We’ve been committed to providing the most up to date information and services on the pandemic on our website: www.riteaid.com/covid-19

THRIVING PLANET

The human health effects of a changing climate are abundantly clear. As a neighborhood pharmacy that aspires to support the overall health and wellbeing of the communities we serve, Rite Aid recognizes the critical need for global action to address climate change.

We are committed to being an environmentally sustainable business and reducing our carbon footprint. We continue to make significant investments to improve energy efficiency and fleet fuel economy. It is our belief that when we, as a company, focus on our ability to positively impact the environment, we are collectively serving our communities, shareholders and our planet.



Environmental Progress in FY21

We recognize that climate risk is investment risk, and transparency regarding climate-related risks and opportunities is crucial to maintaining the trust of our stakeholders. This also allows our investors to better understand the implications of climate change on our business.

In FY21, we took a comprehensive look at how we manage the risks and opportunities associated with climate change and began incorporating this into our long term strategy.

- In August 2020, we reported to CDP's climate change questionnaire for the first time, earning a score of B-. The questionnaire was one tool that helped us identify our gaps and opportunities in climate risk.
- We performed our first enterprise climate risk assessment to assess and prepare for both the physical threat of climate change and a global economy's transition to net zero.
 - The risks identified in this exercise were incorporated into our enterprise risk management (ERM) program and reviewed by the Audit Committee of the Board of Directors.

- We identified three key pillars of our operational climate strategy:
 - Reduce energy demand
 - Transition to lower carbon energy sources
 - Integrate climate risk into our business process

In FY22, we will execute our climate strategy by developing a cross functional, comprehensive environmental management system (EMS) to oversee and implement our environmental policies, programs, objectives and goals. The EMS will provide regular updates to the Corporate Sustainability Committee.

Energy Management

[SASB Drug Retailers; Energy Management in Retail; HC-DR-130a.1]

We continue to monitor our stores’ energy performance through Energy Star Portfolio Manager™. This has allowed us to deliver operational best practices and performance across our footprint.

Here are just a few of the ways we are striving to be more energy efficient and to increase our efforts to reduce the environmental footprint of our stores:

Renewable Power

- In February 2020, we partnered with 3 Phases Renewables, a leading supplier of comprehensive renewable energy solutions, to provide 50% renewable power for 49 Rite Aid stores in Southern California. The agreement between 3 Phases and Rite Aid meets California’s stringent Renewable Portfolio Standards (RPS) and provides additional renewable energy above and beyond the RPS such that Rite Aid’s average mix of energy includes 50% renewable energy.
- In February 2021, we expanded our partnership with 3 Phases to include an additional 150 stores, our ice cream plant in El Monte CA, as well as our Lancaster CA distribution center.
- PGE Solar Choice Program
 - In FY22 Rite Aid will be purchasing energy from 100% renewable resources at 110 accounts in PGE in California.
 - » This is estimated to offset 27,383 metric tons of CO2e
 - » Estimated savings of \$304,000 in FY22 vs FY21 unit cost

- After upgrading to high-efficiency fluorescent lighting in all our stores, we are continuing to foster a sustainable environment by installing LED lighting.
 - At the end of FY20, we had installed LED lighting in approximately 28% of our stores. To date¹, nearly 35% of our stores have LED lighting, an 8% increase over last year.
 - » We are committed to completing LED lighting projects at 100% of our stores by 2035.
 - » Going forward, Rite Aid will also install LED lighting in store remodel program.
 - » LED lighting is utilized both inside and outside our stores. This design uses 11 percent less energy than allowed by the 2015 International Energy Conservation Code.



Our Commitment

We are committed to completing LED lighting projects at 100% of our stores by 2035.

HVAC improvement projects

- We are currently piloting HVAC motor replacement at 5 stores in New Hampshire. Motor replacement is designed to be more efficient than standard motors and allows greater control on fan speeds and runtimes. Replacement is also expected to increase lifespan of existing HVAC units, saving approximately \$3400 in electric and repairs expense annually, and reducing energy usage over all 5 stores.
- We have installed higher Minimum Efficiency Reporting Value (MERV) filters at stores nationwide. These filters were installed during the COVID-19 pandemic to support improved indoor air quality for our customers and associates.
- We have increased the amount of time economizers are open to maximize fresh outdoor air flow in our store.



Load shedding

- Rite Aid participates in load shedding programs when utility grids request reduction on high demand days. By reducing load, we are doing our part to help the utility provide reliable consistent power to customers and supporting a decreased need for rolling blackouts.
- NY Demand Response Program
 - To support load reduction in high density neighborhoods, Rite Aid enrolled in multiple demand response programs over 68 stores in New York Independent System Operator (NYISO).
 - Based on our learnings in FY21, we expect to be able to quadruple reduction during demand response events in the future.
- California Rolling Blackouts
 - During an extreme heat wave, ravaging fire season and the COVID-19 crisis, California found itself unable to meet the electric demand for all customers. To support conservation of available energy, Rite Aid voluntarily reduced load at all stores in the state of California.

Rite Aid utilizes best in class architectural and engineering design firms that employ Building Council LEED accredited staff in developing our new store designs. Both newly-opened and remodeled stores meet or exceed the national building code of standards for energy efficiency.

¹ As of 3/18/21

Our energy-efficient stores currently include the following attributes:

- Redesigned vestibules create an airlock to minimize heat transfer into and out of the store as customers enter and exit.
- Light-colored single-ply roofing reduces heat gain in the summer, resulting in lower demand for air conditioning.
- Suspended acoustical tile ceilings are utilized to reduce the amount of conditioned store space, thereby decreasing energy consumption.
- New stores utilize a lower building height, which reduces the mechanical load by minimizing the conditioned space and exterior building surface area. The lower building height provides an efficient design, minimizes resources used and reduces construction waste.
- Insulated glazing and special films are used to reduce solar heat gain and demand for air conditioning.
- Storefront framing window systems are engineered to resist heat transfer by thermally separating the interior from the exterior window frame.
- Air conditioning systems are being utilized that include energy efficiency ratio values up to 12% better than the 2015 International Energy Conservation Code.
- Sustainable flooring types are being installed, including bio-based tile. These are made of 40% recycled material and are FloorScore®² rated for improved indoor air quality. We have installed over 11 million square feet of bio-based floor tile in the last five years.
- Ninety-five percent of our stores currently utilize an Energy Management System (EMS) to help reduce energy consumption by automatically controlling the lighting and HVAC equipment. We have recently engaged an outside vendor to better manage our EMS and implement energy efficiency projects.

We continued to achieve a steady decrease in energy consumption in our retail stores³ year over year.

ENERGY USAGE	2017	2018	2019	2020 ⁴
Total Energy Consumed (GJ)	2,648,267	2,605,133	2,506,037	1,884,618 ⁵
Percentage Grid Electricity (%)	100%	100%	100%	98.7%
Percentage Renewable (%)	0%	0%	0%	1.29%

² FloorScore® is the most recognized indoor air quality (IAQ) certification standard for hard surface flooring materials, adhesives and underlayments.

³ On a comparable store basis.

⁴ Utility Billed Usage reported from calendar normalized utility bill data for direct paid bills with 12 months of data for respective calendar year only. Relocated store usage calculated old store + new store usage with overlap for relocation month. Annual usage = ave usage/store *2449 stores.

⁵ Usage low in 2020 due to decreased store operating hours during start of pandemic and halt in utility meter reads. Values reported are estimates; actual values will be reflected in the 2022 report.

Business travel and product delivery

[SASB Food Retailers and Distributors; Fleet fuel management; CN0401-05]

We are making strides to reduce our fuel consumption in both our field leadership passenger vehicle fleet and in the commercial truck fleet that carries goods to our stores.

Between FY20 and FY21, we reduced our passenger vehicle fleet by 85 vehicles (12%), saving nearly 300,000 gallons of fuel, a 43% decrease over the prior year. This also reduced our emissions by 2,638 metric tons, or 44% less than FY20.⁶

To improve fuel economy, in FY20 we began installing aerodynamic skirts on the fleet of trailers that service four of Rite Aid’s six Distribution centers. This project was completed in June 2020 with an anticipated 4% improvement in overall fuel economy for these fleets⁷. As operations varied significantly from FY20 to FY21, it is difficult to discern the improvements tied exclusively to skirts. Miles per gallon has improved for all distribution center delivery miles driven by 1.3%.

Our transportation group collaborated with our distribution center in Perryman, MD to better utilize current routing and scheduling software to reduce fuel consumption and activity (routes and miles) in FY21. Due to changing customer constraints, we were not able to reduce activity. Now that we level set for FY21, we will again be targeting improving the cube per route at Perryman to drive out activity and thus reduce fuel consumption.

⁶ Calculated at 87% business travel based on driver reported mileage. Results primarily due to company reorganization.

⁷ Based on projections from the product manufacturer.

ASSOCIATE FLEET	FY20	FY21
Fleet Fuel Consumed (gallons)	689,551	391,116
Percentage Renewable	0%	0%

DISTRIBUTION FLEET	FY20	FY21
Fleet Fuel Consumed (gallons)	2,353,620	2,300,179
Percentage Renewable	0%	0%

Optimizing Supply Chain

Rite Aid has a program in place to optimize miles driven between distribution centers and stores and therefore minimize associated carbon emissions. We are partnering with an external consultancy to carry out this exercise and are considering different implementation options; for example, developing a hub and spoke supply chain model. In addition, we are developing an internal Data & Analytics team to focus on ongoing efficiencies in the supply chain using Artificial Intelligence modeling techniques.

Waste Reduction and Minimization

Throughout 2020⁸, Rite Aid diverted more than 52,600 tons of recyclable material from landfills through four individual programs:

- Store recycling program
- Confidential store trash recycling program
- Corporate campus recycling program
- Distribution center recycling program

We estimate that our recycling⁹ efforts helped us to conserve roughly:

- 180,000 Trees
- 42 million kWh of Electricity
- 105 million Gallons of Water
- 76,800 Metric Tons of GHG emissions were avoided

Waste reduction & advertising circulars

In FY21, we cut our overall advertising circular programs by 11 million copies per week.

This reduced our overall paper buy by 11,000 tons (35%) over last year and by 25,000 tons (70%) over the past three years.



⁸ Waste Reduction and Minimization data reflects either calendar or fiscal, as designated

⁹ Conservation equivalencies based on store recycling program only



Hazardous Waste Disposal

Properly handling the collection, treatment and disposal of waste material is a critical component of both our social purpose and environmental sustainability efforts. Rite Aid’s Hazardous Waste Program is designed to ensure that front-end products and pharmaceuticals that are no longer fit for sale, as well as materials used by Rite Aid, are safely handled in accordance with federal, state and local hazardous waste guidelines and diverted from landfills whenever possible.

We safely disposed of 48.2 tons of pharmaceutical waste in 2020¹⁰, a 63% decrease over last year, demonstrating our efforts to meaningfully reduce our total waste and our continued commitment to proper disposal.

WASTE AMOUNTS	FY20	FY21
Hazardous pharmaceutical waste	126 tons	25.2 tons
Non-hazardous pharmaceutical waste	4 tons	23.1 tons
Total	130 tons	48.3 tons

We also significantly reduced the amount of waste that was disposed of via landfill in FY21:

DISPOSAL METHOD	FY20	FY21
Incinerated waste	56%	95.3%
Landfilled waste	44%	4.2%
Recycled waste	0%	0.5%

¹⁰ Calendar year 2020 data

For 2021, Rite Aid has gained a new strategic partner for the hazardous waste removal services in nearly half of our stores. Rite Aid will be working with our new partner to minimize overall waste and increase the amount of waste being recycled.

CY2020 HAZARDOUS WASTE	TONS	% BY CATEGORY
Front-End Haz Waste	238.23	—
Incineration	91.17362	38.27%
Landfill	73.2267	30.74%
Recycled	73.83065	30.99%
Front-End Non-Haz Waste	648.07	—
Incineration	178.8865	27.60%
Landfill	458.1609	70.70%
Recycled	11.02015	1.70%
Pharmacy Haz Waste	25.15	—
Incineration	25.06562	99.65%
Landfill	0.0149	0.06%
Recycled	0.073333	0.29%
Pharmacy Non-Haz Waste	23.06	—
Incineration	20.888	90.59%
Landfill	1.99	8.63%
Recycled	0.181	0.78%
Grand Total	934.51	—

THRIVING BUSINESS

We are managing social and environmental responsibility throughout our value chain by assessing and engaging with our supplier partners, implementing sustainable sourcing guidelines, and enhancing supply chain and product transparency.

Responsible Sourcing

[SASB Food Retailers and Distributors; Management of Environmental and Social Impacts in the Supply Chain; CN0401-20]

Responsibly Managed, Forest-Based Supply Chains

Forests are home to more than 80% of the planet’s terrestrial biodiversity and are a source of thousands of medicines and health products. Forests provide 75% of our fresh water, filter many pollutants from the air, regulate temperature and weather patterns, and capture and store global warming gases. They are perhaps the most effective and efficient natural systems in mitigating climate change and the profound effects that climate change is expected to have on the health and wellness of communities throughout the world.

What is a responsibly managed, forest-based supply chain? A responsibly managed, forest-based supply chain employs principles and practices that promote sustainable forest management, the appropriate use of recycled content and responsible sourcing. This includes transparency, protocols and mechanisms to track the wood fiber in the supply chain from its origin to the forest products supplied to Rite Aid and its customers.

Rite Aid has implemented its “Responsible Sourcing Guidelines” and objectives to promote responsibly managed, forest-based supply chains and enhance supply chain transparency. Our goal is to address the largest volume of forest products used in Rite Aid’s daily business operations, such as advertising circular papers, copy and print paper, and the pharmacy bags and labels used by our pharmacy and distribution centers.

We have already made significant progress in achieving our goal, with 100% of the paper purchased for our advertising circulars being sourced from responsibly managed, forest-based suppliers that are compliant with independent forest certification standards. In time, as Rite Aid associates and its supplier partners learn from our collective efforts to achieve our goal, we will look for opportunities for improvement and expand our work to other areas of our business, such as the paper-based consumer products branded and sold by Rite Aid.

Reporting the results of Rite Aid and its supplier partners in promoting responsibly managed, forest-based supply chains is integral to our success. As we further implement our sourcing guidelines, we will develop a reporting framework to communicate the progress of Rite Aid’s associates and supplier partners to implement the Responsible Sourcing Guidelines and further its objectives.

Protecting Pollinator Health

In 2019, we partnered with Friends of the Earth, a non-government organization that advocates for a healthier and more “just” world in their mission to protect pollinator health.

Pollinators are a cornerstone of a dependable food supply, and populations of bees and other pollinators are declining around the world. A growing body of scientific evidence suggests that pollinator-toxic pesticides are among the key drivers of insect population declines.

Rite Aid is committed to business practices that support a sustainable food system, understanding that food retailers can play an important role in protecting pollinator health. To this end, we encourage all of our food and beverage suppliers to reduce the use of pollinator-toxic pesticides and to adopt least-toxic approaches to pest management, including biological and physical pest control and Integrated Pest Management (IPM) strategies in their supply chains.

We also support pollinator health through our commitment to expanded offerings in organic products. You can read more about our organic offerings in the Product Safety, Quality, Health and Nutrition section below.

Our full pollinator health policy and guidance for our suppliers may be found on our website: https://s3.amazonaws.com/campaigns.riteaid.com/2019/Documents/Rite_Aid_Pollinator_Health_Policy_-_final_Nov_2019.pdf

Code of Ethics and Business Conduct in our Supply Chain

Rite Aid is committed to the highest standards of business conduct in its relationships with associates, customers, supplier partners, stakeholders, and shareholders. We established our Code of Ethics and Business Conduct in order to reinforce that commitment to ethical business practices. Our code not only applies to Rite Aid Associates and our Board of Directors, but also to our supplier partners and other companies with which Rite Aid works.

We value relationships with our suppliers and vendors, knowing that our success is heavily based on mutually successful partnerships. We expect our partners to operate and conduct business in the same fair, ethical manner that is detailed in our company’s Code of Ethics.

We strictly enforce and employ a zero-tolerance policy for the following:

- Threats, intimidation and harassment
- Bribery or attempted bribery
- Utilizing underage workers in any capacity

Ethical Sourcing Principles

Rite Aid strives to continuously improve and enhance the scope of our supply chain management efforts. We recognize that, throughout the world, there are different laws, customs and conditions that can impact business practices. In 2012, we developed our “Ethical Sourcing Principles,” which outline the ethical guidelines and commitments we expect of our supplier partners concerning social responsibility. The goal of these sourcing principles is to standardize our expectation of upholding the basic fundamental human rights and freedoms to which every person is entitled.

Rite Aid’s Sourcing Principles address the following seven salient human rights issues:

- Compliance with laws (national/local laws, including but not limited to those related to labor, immigration, health and safety and the environment)
- Freely chosen employment (i.e., no forced labor, child labor, human trafficking, etc.)
- Safe and hygienic working conditions
- Compensation (receiving fair/legal wages)
- Anti-discrimination and harassment
- Freedom of association and collective bargaining
- Operating with environmental compliance and protection

These Sourcing Principles are part of all agreements between Rite Aid and its direct supplier partners. We ask our suppliers to develop and implement appropriate mechanisms to promote compliance with these Sourcing Principles internally and within their supply chains.

In the event a supplier partner becomes aware it has failed to comply with any of our Sourcing Principles in a way that is material to its relationship with Rite Aid, the supplier must notify Rite Aid within a reasonable period of time.

Factory Audits

Rite Aid utilizes the services of independent, third-party auditors to evaluate our supplier partners’ compliance in both security and social accountability. Social audits cover all aspects of our ethical sourcing principles, including human trafficking and slavery. Audits can be announced or unannounced. At the conclusion of each review, the third party conducts a “Closing Meeting” with representatives from the manufacturing facility before leaving the premises, at which time any deficiencies identified during the review are communicated. If a deficiency is identified during the review, Rite Aid expects the facility to rectify the deficiency within the following timeframe:

- **Critical:** 30 days from the day of the closing meeting
- **Major:** 90 days from the day of the closing meeting
- **Minor:** 12 months from the day of the closing meeting

If a critical or major deficiency is identified during the initial audit, the factory receives a corrective action plan in which Rite Aid is actively involved. The factory will receive a follow-up audit, at which time if the deficiencies have not been rectified, the factory goes into a locked status, meaning Rite Aid will no longer do business with the affiliated supplier.

Factories are selected for audit by statistical samplings based on purchase volume and country of origin. Any factory that refuses to participate in an audit is no longer eligible to do business with Rite Aid.

In 2020, 51 factories received social accountability or security audits.

- 43 factories received an overall acceptable rating
- 8 factories received an unacceptable rating (critical or major deficiency discovered)
 - Any factory that did not correct their deficiencies within the required time is no longer eligible for business with Rite Aid.

Several examples of deficiencies noted in 2020¹¹:

- Does not retain records for hazardous waste disposal
- Emergency exit doors do not open to the outside or exterior stairwell
- Blocked aisles
- Perimeter fencing does not enclose the areas around cargo handling and storage facilities
- Facility does not maintain a security threat awareness program to foster awareness among all employees of supply chain security threats



¹¹ List is not all-inclusive and each audit varies in their infractions.

Product Safety, Quality, Health and Nutrition

[SASB Food Retailers and Distributors; Product Health and Nutrition; CN0401-12]

As we continue to position Rite Aid as a whole health destination that elevates mind, body and spirit, one of our core tenets remains providing our customers with the best products, services and advice to meet their unique needs. Rite Aid is committed to working with our supplier partners to ensure the products we sell are safe and healthy for our customers and the environment, and to keeping our stakeholders informed about our continuous efforts and progress in selling safe products.

A key pillar of our RxEvolution strategy is renewing our retail and digital experience. Over the last year, we have completely evolved the Rite Aid brand by overhauling our approach to merchandising. We have curated a product assortment that supports the whole health needs of our target consumers and those for whom they care. We have expanded products that promote health and wellness, are better for the environment, or responsibly sourced.

Consumer transparency

In 2020, we began developing and testing a new and proprietary consumer-led product attribution system that supports Rite Aid’s strategy around whole health and cleaner ingredient products.

As an attribute-based system, this program focuses on identifying and communicating relevant product attributes (i.e. paraben free, cruelty free) in an effort to aid shoppers in their purchase decision while highlighting products that align with our strategy.

To that end, we have identified 54 core product-level attributes across four benefit territories. Many of these product attributes require third party

certification by the supplier. This program will be communicated throughout our stores and marketing channels, including:

- In-store (shelf tags, aisle signage)
- Online (product pages, search and filtering)
- In ad/promo (circular and digital advertising)
- On-pack (own brand packaging integration)

We are currently beta testing this new program and plan to refine and roll out nationally in 2021.

We will continue to promote and source new and existing products containing relevant attributes and third party certifications for greater transparency as our assortment expands over time.

Managing Chemicals of Concern

[SASB Multiline Specialty; Product Sourcing, Packaging and Marketing; CN0403-10]

Our customers want to feel confident about what is in the products they are using for themselves and their families. Rite Aid’s commitment to improve chemical management and product safety directly aligns with the company’s objective to help customers achieve whole health.

In 2016, Rite Aid committed to eliminating eight chemicals of high concern (the “Evil 8”) from its private brand formulated products. In 2018, we adopted our [chemical policy](#) and corresponding restricted substance list (RSL), which outlines our commitment to the ongoing management of toxic chemicals and safety of the products on our shelves. Ongoing collaboration with our supplier partners



and our partners at Underwriter Laboratories (UL) has helped us drive toward our stated objectives and continue developing the breadth and scope of our chemical policy.

Since the introduction of our program and screening process, no new in-scope own brand items containing disclosed Evil 8 chemicals have been approved or have made it to our shelves. Between 2019-2020, we launched over 278 own brand items free of Evil 8 chemicals, and reformulated more than 60 items to eliminate Evil 8 chemicals.

In 2020, our primary focus was to meet our goal of eliminating Evil 8 chemicals from the primary formulations¹² of private brand products. As of March 2021, only 13 formulas (1% of our assortment) contained Evil 8 chemicals. We are actively transitioning out of or working with supplier partners to reformulate these last few items with safer alternatives.

¹² Primary formulations are the list of intentionally added ingredients in a product that have sufficient chemical identity information to support RSL screening. Primary formulations do not generally include lists of the ingredients in components provided by third-parties (e.g., “fragrance”).

Who's Minding the Store? Annual retailer report card

In March 2021, the Safer Chemicals, Healthy Families "Who's Minding the Store?" campaign issued their 5th annual retailer report card: <https://retailerreportcard.com/grades/>

The annual report evaluates the largest retailers in North America on their management of toxic chemicals in consumer products and packaging. In 2020, the campaign increased their evaluation over the prior year from 43 retailers to 50.

For the second year in a row, Rite Aid was recognized as the leading traditional drug store chain for its efforts to reduce or eliminate toxic chemicals from products sold. Rite Aid ranked 7th overall, receiving a score of B+.



At the end of FY21, we expanded our commitment to reduce toxic chemicals in the products we sell by identifying several new areas for continued improvement:

- Issuing a food-contact materials restricted substance list and requiring own brand suppliers to certify that all packaging and packaging components sold to Rite Aid comply with the requirements of federal and state packaging laws, as well as with the company's corporate restricted list for food-contact packaging materials.
 - Suppliers will also be required to certify that restricted chemicals were not intentionally added to their packaging and do not exceed restriction limits laid out in the restricted substance list. The full list of chemicals and corresponding restriction limits may be found as an addendum to the Company Chemical Policy on Rite Aid's website.
- Offering increased product ingredient transparency by requiring suppliers to provide additional disclosure surrounding generic ingredients, such as the term "fragrance," by December 2023.
- Enhancing consumer transparency efforts around desired product attributes, such as organic, non-GMO, cruelty-free and paraben free, making it easier for customers to identify cleaner products.
- Addressing environmental justice chemicals of concern by identifying priority chemicals as candidates for a specialized expanded restricted substance list.

Food Safety and Sanitation

Rite Aid's robust food safety and sanitation program leverages several key controls to manage the risk associated with food product safety, quality and store sanitation:

- We partnered with our Pharmacy team to upgrade SMART Temp front of store refrigerated and frozen food case monitoring devices, replacing them with SMART Sense devices in 700 stores. These devices monitor the temperature of time-temperature-controlled and frozen foods over a wider sensitivity range than SMART Temps allowing us to include refrigerators and freezers in more remote locations. The system provides early ALERTS to store management and field leadership when temperature incursions exceed legal safety norms, allowing them to take timely corrective actions to maintain food safety and wholesomeness. SMART TEMP, which was already protecting temperature-sensitive medication like vaccines and antibiotics in pharmacies chain wide, was also replaced with SMART SENSE monitors.
- This initiative allows us to monitor the safety of time temperature-controlled foods and temperature-sensitive drugs 24/7 including during rolling blackouts or power outages in order to make educated decisions regarding their disposition.
- All stores are equipped with either laser or stem type digital thermometers to monitor in-coming and on-hand time-temperature-controlled foods. These are also utilized to monitor acceptable Food Code hot water temperatures for hand washing and cleaning/sanitizing.
- A new company communication system, "SPOT," provides daily updates and announcements regarding company business and assigned tasks. "SPOT" is available on all handheld devices including cell phones, making it readily accessible. Food safety self-assessment audits are now included in this database including the DAILY WALK. This store leader self-assessment includes verification of safe temperatures, product freshness, store sanitation standards, and COVID-19 intervention strategies.
- Company-wide, a more detailed Controlled Self-Assessment (CSAs) audit occurs bi-annually. This audit evaluates store-level compliance with food and drug safety/sanitation requirements. A pictorial review of each inquiry in the audit, as well as a video reviewing how to evaluate each question, is available on the company intranet ("HUB"). These guides educate the auditor and provide insight regarding how to score each question. This year COVID-19 created a more challenging environment for our hand dip operations, which were temporarily suspended at the peak of the pandemic and re-opened with COVID-19 intervention restrictions and limited service, when conditions were safe enough to do so. New Hand Dip SOPs and COVID-19 intervention protocols were initiated to ensure the safety of our associates and customers as well as to maintain changing regulatory compliance. These included implementation of barrier restrictions, social distancing, enhanced sanitation and disinfection, addition of sanitizer stations and enhanced active managerial controls.

- Our hand dip locations are supervised by food safety managers who have successfully completed a food safety course and passed a certification exam sponsored by a third party ANSI certified test provider.
- All hand dip associates are required to complete an interactive food safety Computer based training (CBT), “Safe and Clean Food,” to understand how to complete tasks listed in the Thrifty Sanitation Checklist, before they can work in our hand dip departments. The CBT highlights critical control points as well as daily, weekly and monthly tasks required to ensure food safety and sanitation in these operations. This year that CBT was enhanced to require store leaders to conduct one-on-one training with associates, through Huddle Meetings, to ensure that they understood key critical control points. Succinct hand dip training videos, focusing on hygiene, cleaning and sanitizing, and other key food safety requirements have been added to the food safety and sanitation section in “SPOT” to supplement training programs. Food handlers also receive third-party remote food safety training to obtain required food handler cards, where required.

- At our hand dip Thrifty ice cream locations, Rite Aid utilizes a “three-lines of defense” approach that provides additional oversight:
 - Store Management Teams (Operations): Conduct weekly Controlled Self-assessment (CSA) audits specifically focused on hand dip food safety and sanitation requirements. This audit was added to the Assessment tab of “SPOT” to enhance audit efficacy and provide retrievable data highlighting opportunities for continuous improvement. It was enhanced with the addition of “Help Texts” to provide direction to the auditor regarding how to score the audit as well as the reasons why for each question.
 - Regional Retail Leaders (Operations): Conduct an annual review using the same CSA that store management uses to verify compliance with food safety and sanitation requirements.
 - Field Compliance Team (Internal Assurance): Conducts a formal independent review in all Thrifty locations over a two-year period.
 - The Senior Director of Food Safety posts a quarterly update of these three audit results, as well as any regulatory results, in the “SPOT” messaging for operational teams to review for trend analysis and continuous improvement.



- Rite Aid food service operation associates are supervised by at least one certified food safety professional in each store. These individuals have completed an American National Standards Institute (ANSI) certified exam through the National Registry of Food Safety Professionals. In 2020, we increased the total number of associates formally trained in this program by 3.5%. Of the 2,967 trained in 2020, 2,391 became certified food safety professionals.
- We have multiple food safety and sanitation resources for our stores, including pictorial guides, posters, CBT modules, videos, hands-on training, etc. to support our program. Most of these training tools are now readily available on the “SPOT” interactive feed. In 2020 we continued to assign specific job responsibility interactive CBTs to store leaders, front-end and pharmacy associates regarding food and drug safety protocols to increase awareness during daily operations. These include education around the prevention of biological, physical or chemical hazards as well as allergen awareness.
- Rite Aid reviews real time feedback through our customer surveys to assess conditions in stores in order to quickly resolve any issues affecting sanitation, food safety and quality.
- All stores have documented infectious spill protocols. All stores also are equipped with two infectious biohazard spill kits in the front-end and pharmacy and every associate is trained to safely handle biohazardous waste. All associates are trained to be aware of the FDA Food Code “Big 6” most highly infectious foodborne pathogens and required reporting protocols. “Big 6” posters, showing these pathogens, their symptoms and requirements to report exposure to them, are posted in all break rooms.

- All stores, manufacturing plants and distribution centers practice integrated pest management (IPM) and partner with our pest control operators to prevent food and drugs from becoming contaminated by vermin. IPM training is included in our formal food safety curriculum as well as through on-site and webinar training with our operations teams and pest control partners. IPM educational material is also readily available on the “SPOT” and in an IPM video that was produced this year to highlight best practices for stores to maintain facilities vermin free.

FOOD SAFETY MODERNIZATION ACT (FSMA)

In 2019, to ensure the safety and quality of our ice cream, Rite Aid finalized a Hazard Analysis Risk Based Preventative Controls (HARPC) plan at our Thrifty Ice Cream plant to achieve compliance with the FDA’s Food Safety Modernization Act (FSMA). Key elements of our FSMA HARPC plan include:

- Process Controls
- Allergen Controls
- Supply Chain Controls
- Sanitation Controls
- Recall Procedures

We have partnered with Safety Chain Technologies to assist with retaining FSMA-related data and in 2020 we completed the integration of SAGE Technologies with the Thrifty Ice Cream Plant to enhance our ingredient tracking and traceability. The members of the management team at our Thrifty Ice Cream plant are all Preventative Controls Qualified Individuals (PCQIs) trained through an FDA-certified course. CSA audits, which include current good manufacturing practices as well as elements of our FSMA HARPC, occur on a monthly basis to verify the efficacy of programs for continuous improvement.

In 2020 we completed our FSMA Intentional Adulteration Food Defense Plan for Thrifty Ice Cream that includes the following key elements:

- Broad-based and focused vulnerability assessment
- Mitigation strategies for Key Activity Types (KATs)
- Monitoring procedures
- Corrective actions
- Verification procedures

The Thrifty management team are Preventative Control Qualified Individuals (PCQI), through an FDA certified class, and have trained Thrifty associates in our food defense procedures and protocols. Our food defense plan includes improvements in video surveillance, locking mechanisms and protocols and new SOPs focusing on prevention of both external and internal intentional adulteration. A CSA is conducted regularly to monitor and verify the efficacy of our Food Defense Plan for continuous improvement.

FOOD SAFETY IN SUPPLY CHAIN

Rite Aid requires all Thrifty supply chain vendors to be global food safety initiative (GFSI) or equivalent standard compliant. Certificates of analysis for vendor ingredients that may cause serious adverse health consequences or death to humans or animals are verified through third party laboratory analysis to ensure safety. We are currently partnering with UL on developing a program to ensure our own brand suppliers meet GFSI or equivalent standards as part of a broader supply chain management initiative.

Our distribution centers have proactively developed hybrid FSMA controls to further improve our current Good Manufacturing Practices, which include a focused awareness on biological, physical or chemical hazards as well as to food defense.

In 2020, we enhanced security at most of our distribution centers by installing x-ray machines, metal detectors and turnstiles at entry points. COVID-19 restricted the completion of that project in our west coast distribution centers and they are scheduled for completion in 2021. We trained key members of our asset protection team to become radiation safety officers in distribution centers where x-ray technology had been implemented. We also installed infrared thermal imaging cameras in all distribution centers to monitor associate temperatures as part of our COVID-19 intervention strategy.

Product Quality Testing and Recalls

Through our partner UL, Rite Aid tests all food and formulated nonfood products against established specifications to ensure product quality and safety.

At a minimum, each Rite Aid branded product is tested once annually. Thorough reporting is completed monthly to identify key product trends and supplier-related quality issues and resolutions.

When a manufacturer issues a recall, we have a very detailed process in place to manage operational handling and communication of the recall. We follow the same process for both national brand and private label items for any recall considered to be a consumer health or safety risk, regulatory issue, or a product quality issue where the item does not meet specifications.

For private brand recalls and FDA mandated recalls, we post the recall information on our website at www.riteaid.com/customer-support/product-recalls

Rite Aid does not conduct animal testing on ingredients or products in our own brand assortment, however we recognize other companies may continue to carry out some animal testing in order to meet certain legislative and regulatory requirements and to protect the health of consumers. We continue to collaborate with our suppliers to support the development of alternative methods.

Drug Supply Chain Integrity

[SASB Drug Retailers; Drug Supply Chain Integrity; HC-DR-250a.1]

In order to mitigate risk around the occurrence of compromised drugs within the supply chain, Rite Aid buys only from authorized distributors/wholesalers who purchase drugs directly from drug manufacturers.

Rite Aid has an established drug recall management procedure to process manufacturer recalls both at the store and patient levels. Each recall is communicated to pharmacies and patients as necessary with follow-up reporting to ensure recall completion.

To support supply chain integrity, Rite Aid has established systems to receive advance shipment notices that include the necessary pedigree documentation as detailed in the Drug Quality and Security Act. Transaction history, transaction information and transaction statements are processed and validated with each order received to ensure compliance. Periodic physical audits of orders received are completed for additional validation.

Rite Aid continues to comply with the Drug Quality and Security Act as it moves to full implementation of an interoperable electronic exchange of transaction data.



Managing Data Security and Privacy

[SASB Drug Retailers; Data Security and Privacy; HC-DR-230a.1]
[SASB Drug Retailers; Data Security and Privacy; HC-DR-230a.2]

Our Commitment to Securing Data

In today’s world, data security and privacy is imperative. Our business as a health and wellness destination requires responsible management of sensitive information. Our customers depend on us to protect their personal information each time they fill a prescription, speak with a pharmacist or make a purchase in our store or online.

We are committed to protecting all of our stakeholders from damaging acts, whether intentional or unintentional. We demonstrate our commitment both operationally through proper training, handling and storage of information throughout our enterprise, as well as our information security program.

As a covered entity under HIPAA, Rite Aid has a designated Privacy Officer who oversees our privacy program. Our privacy program includes resources like our HIPAA procedures manual and individual HIPAA/Privacy policies, which are available to all associates on our internal company portal, as well as onboarding training and job specific annual training that is mandatory for all associates. Training content covers topics such as background information regarding HIPAA, company privacy policies and procedures, the role of our privacy office, proper handling of Protected Health Information (PHI) and Personally Identifiable Information (PII), how to report matters of concern, and the security of PHI, PII and confidential information, among other topics.

In addition to our policies, procedures and training, we conduct store level HIPAA reviews annually to monitor compliance. Reviews are focused primarily

on the proper handling and storage of PHI and PII. These reviews cover the security rule, the privacy rule and the breach notification rule. Rite Aid and subsidiaries also conduct annual HIPAA risk assessments facilitated by our Information Security Team.

Our subsidiaries Elixir, Health Dialog and RediClinic also have designated Privacy Officers who provide reporting up through the Rite Aid designated Privacy Officer.

Additionally, Rite Aid has a designated hotline available for all associates to report concerns anonymously, as well as a designated email address to report privacy matters (privacyoffice@riteaid.com).

Rite Aid’s comprehensive information security program is designed to protect information and critical resources from a wide range of threats in order to ensure business continuity, minimize business risk and maximize return on investments and business opportunities. The objective of this program is achieved through effective administrative, technical and physical safeguards that protect our data.

As part of Rite Aid’s Information Security program, all associates are required to complete yearly security training. In addition, on a monthly basis, all employees receive security awareness email training around controlling access to Rite Aid’s data. Finally, all application developers responsible for web development receive security development training annually.

Our Information Security Program

Rite Aid’s information security program is monitored and updated on a continuous basis. Our Program is reviewed by 3rd party experts at least once every 2 years. We continue to get high marks concerning the Security Program. Our program:

- Provides our associates with defined policies and procedures in order to control customer, patient and associate information;
- Satisfies all Federal and State legal requirements concerning privacy, security and breach information and disclosure requirements; and
- Facilitates the Company’s compliance with the Health Information Technology for Economic and Clinical Health (HITECH) law.

Protecting company data and the systems that collect, process and maintain this information is of critical importance. This is executed through system controls and safeguards to thwart possible threats, as well as controls to ensure availability, integrity and confidentiality of the data.

It is the responsibility of all system users to understand our data security policies and conduct their activities accordingly:

Confidentiality - Preserving restrictions on information access and disclosure so that access is restricted to only authorized users and services.

Integrity - The concern that sensitive data has not been modified or deleted in an unauthorized and undetected manner.

Availability - Ensuring timely and reliable access to and use of information.

Security measures are taken to guard against unauthorized access to, alteration, disclosure or destruction of data and systems. This also includes guarding against accidental loss or destruction.

In addition to our information security programs and processes, Rite Aid has a multi-layer defense structure to increase security of the system as whole. Layered security describes a strategy featuring multiple defensive layers that are designed to slow down an active threat. If one security mechanism should fail, another mechanism may still provide the necessary security to protect the system. The goal is to delay the active threat and detect it before serious damage occurs. An effective layer acts as a strong deterrent by causing the active threat to look for an easier target.

Rite Aid and many other pharmacies experienced theft of Protected Health Information (PHI) during periods of civil unrest that occurred nationwide in 2020. This did not involve a compromise of our systems, but rather instances where stores were broken into, and in some cases product and filled prescriptions awaiting pick up were stolen. In these instances Rite Aid properly notified Department of Health and Human Services (HHS)/Office for Civil Rights (OCR) and completed all regulatory required activities in a timely manner.

Despite the theft that occurred during periods of civil unrest, we are pleased to report that, as a result of our programs, there were no significant Rite Aid system data security breaches involving Personally Identifiable Information or PHI during FY21. As a result, we incurred no Rite Aid system-related direct expense or remediation cost.

THRIVING WORKPLACE

As part of Rite Aid's RxEvolution journey, our strategic decisions are centered on our most valuable asset — our associates. We are proud to employ over 50,000 associates across the United States, including Puerto Rico.

Our associates are key to the success of our transformation as they are at the center of supporting the whole health of our customers and communities. This has never been more important than right now as we work together to ensure the health and well-being for all during the COVID-19 pandemic.

Our transformation is about dramatically and visibly changing our business to meet the health and wellness needs of our customers — helping them to thrive. To build meaningful and lasting change, we must engage the unique perspectives, experiences and approaches that only come from a diverse workforce. We believe that an inclusive and welcoming workplace is not only desirable, but essential. We are committed to building a workplace in which every associate can thrive.



Associate Development (Training and Development)

At Rite Aid, we support personal growth and achievements. We dedicate ourselves to creating an experience for all of our associates that is exciting and engaging. Associates have access to training that can help improve their performance and acquire the knowledge and skills for future growth opportunities at Rite Aid.

Our online learning management platform houses nearly 300 learning assets that support associates' development and ensures compliance across the corporation. In addition, we leverage other online learning platforms to support pharmacy associates in maintaining and building on their existing skills. LEAP, our leadership development online training portal, contains over 25,000 learning tools and resources used to drive the effectiveness of our leaders and is available to associates in the field, distribution centers and corporate.

New to the company is a multi-year project to establish a foundation for how we hire and develop our associates through a competency framework. Working through key business partners, Success Profiles, or those skills identified to drive success within a particular role, have been established for our Pharmacy & Retail Store associates. Moving forward the company will establish similar profiles for roles throughout the chain. Key offerings include learning modules and resources tied to the identified skills and structured career pathing opportunities are planned.

Additionally, Leadership Evolution, an interactive, virtual leadership program geared to creating behavior change in how our managers evaluate performance, launched in 2020. The program gives managers a systematic approach that enables individuals to support their associates to successful performance outcomes. For example, Managers need to ensure that specific expectations have been set and their team has the knowledge, skills, tools and resources to successfully meet expectations. With more than 100 managers trained at the end of the fiscal year, Rite Aid plans to continue manager enrollment throughout 2021.

Our goal is to grow leaders at all associate levels and provide staff best-in-class opportunities to develop and grow the skills needed to support Rite Aid's future growth and successes. Developing our associates is a core value, as well as a strategic organizational goal. As such, we are nimble and seek innovative ways to develop leaders at all levels.

Diversity, Equity and Inclusion

[SASB Multiline Specialty; Workforce diversity and inclusion; CN0403-04]

We are proud to be a part of our communities and to support our associates and customers. To continue our commitment to excel at servicing our customers, we are expanding our efforts to ensure that associates at Rite Aid are appreciated and respected for their differences.

We are committed to equal employment and advancement opportunities to all individuals – all employment decisions at Rite Aid are based on merit, qualifications and abilities. Rite Aid does not discriminate in employment opportunities or practices on the basis of race, color, creed, religion, sex, national origin, age, pregnancy, sexual orientation, gender identity, marital status, citizenship status, physical and/or mental disability, genetic information, status as a protected veteran, or any other characteristic protected by law.

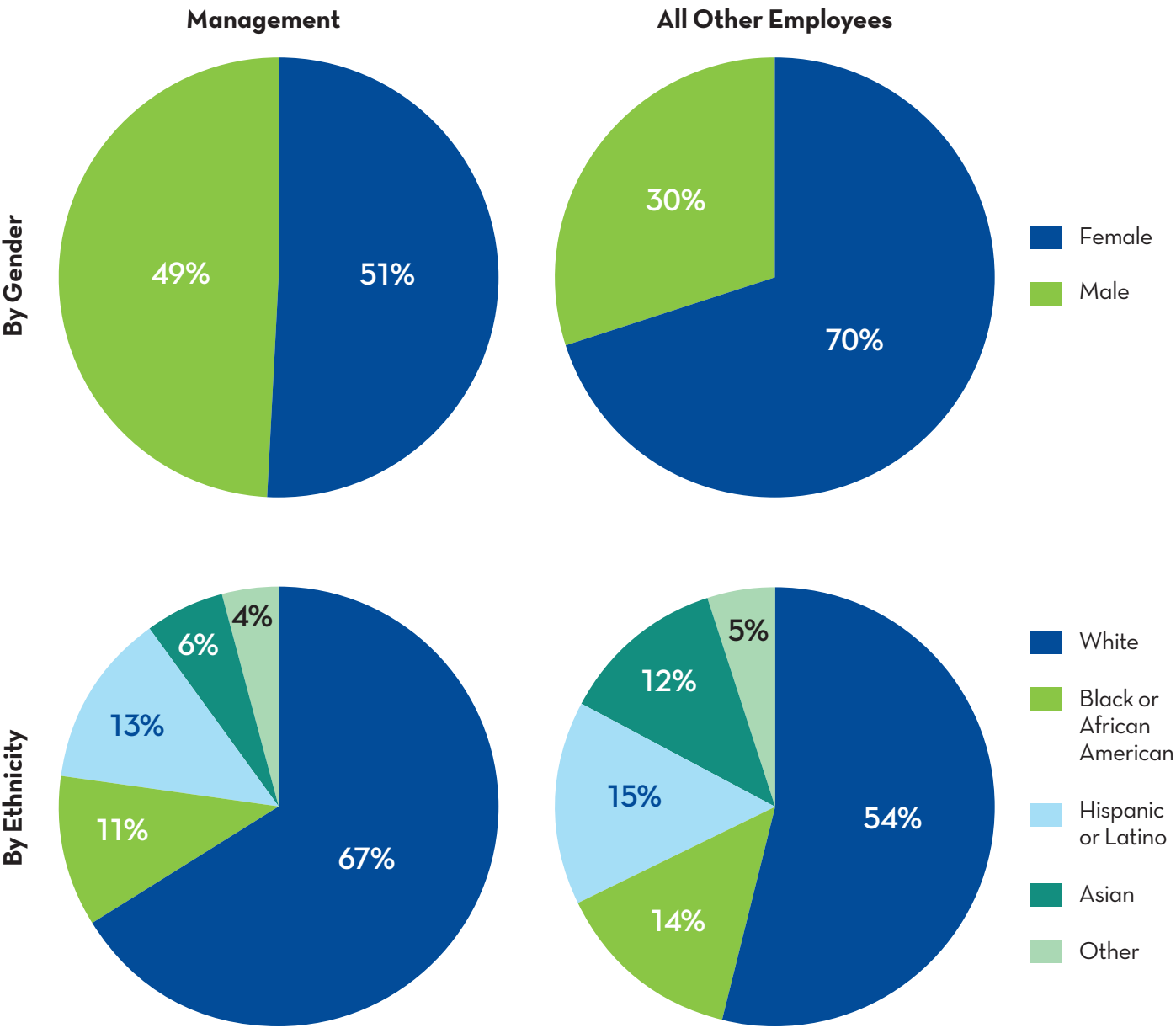
Rite Aid makes reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment including selection, job assignment, compensation, discipline, termination and access to benefits and training.

But we aren’t stopping there. We are committed to going beyond what is required to ensure that every Rite Aid associate is positioned to thrive.

Our business transformation views health and wellness as driven by both traditional medicines and alternative remedies. We don’t want to just get healthy – we want to get thriving. In a parallel path, our approach to Diversity, Equity & Inclusion is transformative as well. We don’t just increase diversity; we want our talent to thrive.

At Rite Aid we are focused on strengthening our DEI infrastructure which includes the development of a DEI team (a Center of Excellence) and DEI integrated strategy that will address talent processes such as talent acquisition, talent development and talent management. A key focus will be to develop solutions that seek to enhance the work environment so our associates can perform to their best potential and provide an optimum customer experience.

SASB CN0403-04¹³



¹³ Data based on population as of 12/31/2020. Includes all Rite Aid and Elixir associates. Associates are considered management if their jobs fall under EEO job categories Executive/Senior Level Officials and Managers or First/mid-level officials and managers. The remainder of associates are included in "all other employees".

Communication and Engagement

For the past two years, more than 70% of our associates have participated in our annual and pulse associate surveys. The surveys give us valuable information regarding topics such as career development, well-being, compensation, benefits, recognition, and leader communications. Importantly, the surveys also provide insight on opportunities specific to diversity and inclusion efforts. In 2021, more than 70% of our associates who completed the survey noted a high engagement level.

Total Rewards and Recognition

Our associates are critical to our business. With this in mind, we design compensation and benefit programs to provide the appropriate security and support needed for our associates to thrive. Included within the package of offerings for associates are annual bonuses, 401(k) plans, healthcare benefits, paid time off, associate assistance programs, and many other services and programs for our eligible associates.

During the pandemic, we supported our associates and their families in the following ways: bonuses and additional pay elements for our frontline associates who were working directly for and with our customers; pandemic pay for associates who tested positive or who were required to quarantine due to exposure; additional 15% associate discount; waiver of medical costs for medical plan members who tested positive for COVID-19; job protected administrative leave for associates who did not feel comfortable coming to work due to health concerns; and expanded resources to assist associates with the stress caused by the pandemic. Finally, through the Rite Aid Foundation Associate Relief Fund, we were able to provide over \$3 million in financial assistance to grant recipient associates through financial support payments.

In addition, Rite Aid made additional financial investments into its recognition platform to ensure we were celebrating the great achievements of associates while also creating a community experience for our workforce that had been abruptly placed in a remote work environment.

We have been aggressively evaluating the future state of where and how we work. Like many organizations, we quickly pivoted to remote work for our corporate associates during the pandemic to keep our associates safe and healthy. During the time since, we discovered not only did associates remain highly productive, but also many shared they enjoyed the flexibility working remotely provides them. We are working to reimagine how we shift to permanent remote and hybrid work for many of our associates in a meaningful and sustainable way.

Health and Safety

Rite Aid is committed to providing a safe environment for our customers and our associates. Store and field management must ensure that all safety policies and procedures are implemented and followed by all associates. All associates are required to perform their duties in a safe manner, complying with all Company safety rules and policies.

Leadership is required to follow safety guidelines and written procedures to maintain a safe working environment for all associates. Our store leaders are responsible for formally assessing, reporting and correcting unsafe working conditions or concerns at the time they are discovered. If an accident does occur, leadership must immediately report and respond to the accident by following Rite Aid’s written procedures.

Associates are responsible for maintaining an atmosphere that promotes a safe working environment by notifying their immediate supervisor of unsafe conditions, complying with all safety rules and regulations, practicing safety while performing their job duties and informing supervisors of injuries to themselves, customers, or fellow associates.

In addition to our expectations around safety policies and procedures, in 2015 we rolled out the “Rite Aid Experience,” where Safety is our #1 service standard. This increased the visibility of safety in our company, promoted a much more robust safety culture for our associates and a safer environment for our associates, customers and patients.

All associates are expected to follow our safety service behaviors at all times:

- I practice safety in everything I do.
- I take action to ensure the safety of others.
- I embrace regulatory and compliance requirements to protect my patients, customers and community.

As a result of our ongoing efforts, we have achieved reductions in workers compensation claim counts in each of the last **six years**, and reductions in general liability/customer claim counts in each of the last **seven years**.

Labor Practices

[SASB Food Retailers and Distributors; Fair Labor Practices; CN0401-16]
[SASB Food Retailers and Distributors; Fair Labor Practices; CN0401-17]
[SASB Food Retailers and Distributors; Fair Labor Practices; CN0401-18]
[SASB Multiline Specialty; Fair Labor Practices; CN0403-07]

As a result of our efforts to manage our workforce in a way that protects the rights of our associates and enhances productivity, we did not incur any work stoppages, impact on operations, or need for corrective actions to be implemented in calendar year 2020. We continue to evaluate data from our exit interviews to develop action plans where there is opportunity to improve and ultimately mitigate loss of talent to our business.

Wages

We are proud to report that 95% of the total associate population makes more than the mandated minimum wage, an additional 4% over last year. The breakdown is 94% and 99% for store and distribution center associates respectively.

Turnover

Our store associate turnover is 45%:

- 36% voluntary turnover
- 9% involuntary turnover

Union Membership

- 35% of our workforce is unionized
- 48% of all stores are under collective bargaining agreements
- 43% of distribution centers are under collective bargaining agreements¹⁴

¹⁴ Labor Practice data reported for calendar year 2020



THRIVING COMMUNITY

We strive to best support the overall health and well-being of the millions of lives we serve each day through our RxEvolution. Through our commitment to total health and wellness, and by expanding the role of our pharmacists, we are uniquely positioned to engage with customers and improve their health outcomes.

Improving Heath and Wellness at Rite Aid Pharmacy

Patient Health Outcomes

“Through RxEvolution, we’re already elevating the role of the pharmacist by empowering them to engage more often with our customers. And with COVID-19 vaccinations, everyone is seeing just how important our pharmacists are in helping our customers and communities thrive.”

– Heyward Donigan, CEO


Over the last year, the role of our pharmacist took on new importance as we accelerated our RxEvolution while also responding to a global pandemic.

In March 2020, we announced our new strategy to dramatically change our business and revolutionize our industry through the lens of whole health. One of the core pillars of that strategy has focused on evolving the role of our pharmacist to improve patient care and counseling.

DISPENSING WHOLE HEALTH GUIDANCE

90% of consumers trust their pharmacists as their health care advocates, interacting with them more frequently than their primary care physicians. We’ve repositioned our pharmacists by enhancing their traditional role around dispensing to a broader role — working at the top of their license — encouraging a holistic approach to health.





“Tip sheets and consultations emphasize the importance of things like getting a flu shot and point out that customers might also consider zinc, Vitamin D and elderberry. We can actually demonstrate now that we’re seeing an increase in sales tied to those consultations, and we’ve seen a rise in loyalty around our customer’s view of these interactions with their pharmacist.”

– Heyward Donigan, CEO

Pharmacists serve as trusted advisers to consumers, helping them combat and prevent disease, advising on prescription drugs and complex polypharmacy, supporting them and helping them navigate through their health care journey, answering questions and making appropriate recommendations for OTC products and overall whole health guidance.

TOOLS FOR SUCCESS

Our RxEvolution strategy has highlighted the value of Rite Aid pharmacists to care for their customers at levels never seen before in healthcare.

Rite Aid’s wellness concierge approach gives our consumers 24/7 access to a team of professionals, trained in both traditional and alternative therapies, who constantly provide new personalized ways to flourish. Many of our pharmacists will keep our consumers up-to-date on the latest remedies available — from tips on nutrition, exercise and better sleep to natural curated remedies like aromatherapy, clean and holistic skin care and essential oils as alternatives or complements to their medications. They will counsel and offer curated solutions using thoughtful criteria to advance the health and wellbeing of our customers. We will do all of this to go beyond healthy and help our consumers thrive.

In 2020, we provided our pharmacists with several new tools to deliver both traditional and alternative options to care.

Our pharmacists have been trained to be certified integrative pharmacy specialists. They received instruction on alternative medicine and over-the-counter remedies and are now certified to be able to offer both traditional and alternative remedies.

- We partnered with Elsevier to provide pharmacists with access to a wide variety of clinical tools, including clinical pharmacology, patient access direct, clinical key and natural medicines comprehensive database. Our goal is to ensure our pharmacists have access to the resources needed to develop professionally and be knowledgeable in order to help our customers achieve the balance of mind and body health.
- We were granted accredited provider status by the Accreditation Council for Pharmacy Education (ACPE). This accreditation allows us to develop continuing pharmacy education that enables our pharmacists and technicians to earn CE credits. Our first continuing education course, “COVID-19 Vaccine and HHS Prep ACT,” is being offered to all Rite Aid Pharmacists. An additional course, “Cold Sores: Pharmacist Management and Prescribing,” is being offered to all Rite Aid Pharmacists in the state of Idaho to support their prescriptive authority.

Focused Health Conditions:

- Pharmacists complete ongoing monthly eLearning modules, developed to build upon their knowledge of selected health conditions focused on our customer’s whole body health. Initial topics included immunity, stress, sleep, healthy eating, cardiovascular health, headache management, the management of minor injuries, and women’s health, with several additional topics currently in development.
- Our pharmacists have access to focused health tip sheets - customized handouts provided to every patient to facilitate strong engagement on the perfect fusion of alternative and traditional therapies. Each tip sheet is a valuable tool used to deliver a personalized recommendation identified by the pharmacists for each customer.

IMPROVING ACCESS TO OUR PHARMACISTS

To execute our strategy and improve patient access to our pharmacists, we’ve improved efficiencies and leveraged technology to balance workload in the pharmacy.

A year ago, our pharmacists were spending about 70-80% of their time on non-consumer-facing activities. Our overall goal is to flip this so that they will be spending 70-80% of their time proactively engaging with consumers in pharmacies, in the aisles, in wellness rooms via telehealth and even connecting to consumers using our 24/7 chat. We continue to provide innovative tools to maximize the time that our pharmacists interact with customers.

As part of our new strategy and ongoing LEAN training, we continue to enable more of this interaction by implementing changes to pharmacists’ workflow. Enhancing their roles and responsibilities and providing more (or more appropriate) technician help, freeing up

pharmacists’ time so they can proactively engage with consumers in the store. Changing their workspace to include an open counter will enable our pharmacists to more easily step out and help by removing physical barriers. Our model has allowed our pharmacists to spend significantly less time in the production area as we reengineer how the entire pharmacy team works.

IMPROVING OPERATIONAL EFFICIENCY

Opened in 2016, our Central Fill facility in Delran, New Jersey improves efficiency of the prescription filling process while freeing up time for our store-based pharmacy associates to enable additional clinical and customer services and interactions.

In 2020, we expanded our footprint of states served by Central Fill from nine states to ten, filling about 200,000 maintenance prescriptions per week.

Through this service, we are able to save 50% of the time needed to fill and sell each prescription, enabling us to reallocate that time to expanded clinical services and customer care.

"According to the Centers for Disease Control and Prevention (CDC), 3.8 billion prescriptions are written annually in the U.S., yet approximately one in five new prescriptions are never filled. Among those filled, approximately 50% are taken incorrectly, particularly with regard to timing, dosage, frequency and duration."

- CDC, 2017

<https://www.cdc.gov/mmwr/volumes/66/wr/mm6645a2.htm>

PATIENT CARE AT RITE AID

Medication non-adherence, or failing to take medications as prescribed, is directly associated with higher rates of hospital admissions, suboptimal health outcomes, increased morbidity and mortality and increased healthcare costs.

Here are just a few of the programs and initiatives designed to support better health outcomes for Rite Aid patients:

RITE CARE

In 2018, Rite Aid launched “Rite Care,” a state-of-the-art proprietary tool that provides our pharmacists with real-time alerts for clinical service opportunities without having to access a separate application. These clinical services opportunities include immunizations, comprehensive medication reviews, medication adherence consultations, opportunities for enrolling a patient in predictive refill programs and more. This technology allows our pharmacists more time to engage with their patients and holistically address their individualized healthcare needs.

Through Health Dialog, our wholly owned subsidiary, Rite Aid leverages predictive analytics to ensure we are targeting the right patients, at the right time and in the right way. In addition, our trained health coaches from Health Dialog conduct outreach via telephone to engage with our most “at-risk” patients.



In 2020, we populated over 1 million targeted clinical opportunities during workflow to our pharmacists each day. Using proprietary analytical technology, Rite Care identifies customers in need of clinical services, including immunizations, medication therapy management (MTM) and medication adherence consultations/tools. In addition, we made the following enhancements to our Rite Care program:

- Partnered with regional health plans, Elixir insurance and Elixir PBM clients to offer targeted clinical opportunities directly to their patients. These programs support medication adherence for their members by offering adherence tools and pharmacy counseling.
- New opportunity used to ensure the completion of the COVID-19 vaccination series and OTC recommendations to support Perfect Fusion recommendation of traditional and alternative therapies.

RITE AID'S MEDICATION THERAPY MANAGEMENT (MTM) PROGRAM

Medication Therapy Management (MTM) represents one way our pharmacists are practicing at the top of their license by resolving drug therapy problems, closing gaps in care, addressing medication adherence barriers and optimizing medication therapies for their patients. Rite Aid partnered with OutcomesMTM, the national leader in the design, delivery and administration of MTM programs, to utilize platforms that identify eligible patients, assess appropriate interventions and document care.

In 2020, Rite Aid was again ranked 3rd in large chain overall performance for Medication Therapy Management Services by OutcomesMTM. Throughout 2020, we have significantly closed the gap between Rite Aid and the second place large retail chain.

Pharmacists are a valuable and trusted member of the patient health care team, and MTM is one way in which we can demonstrate this value to health plans. Pharmacists who are actively engaged in MTM services provide a higher level of care and help patients achieve better outcomes. MTM also encourages patients to be active participants in their healthcare, empowering them to be more knowledgeable about their health and more responsible about their medication use. In a broader context, MTM services also facilitate a stronger partnership among patients, their pharmacists, physicians and other healthcare providers to help prevent avoidable healthcare expenses and drive positive health outcomes. In 2020, Rite Aid pharmacists completed over 619,000 MTM services to support the health and wellness of almost 275,000 patients, a 5% increase from the number of claims completed in 2019.

In addition to the Rite Care and MTM Programs, we also utilize the following additional tools to improve adherence:

- **90-Day Prescriptions** Studies have shown that switching a patient to 90-day fill can raise adherence rates over 20%.
 - In 2020, dispensing of 90-Day prescriptions among Medicare-Part D patients with maintenance prescriptions increased by 15% over 2019.
 - In 2020, dispensing of 90-Day prescriptions among all patients with maintenance prescriptions increased by 17% over 2019.
- **Predictive Refill Enrollment** (Medicare Part D): Predictive refill includes both the Rite Aid One Trip Refill (OTR) and Automated Courtesy Refill (ACR) programs. Enrolling a patient in a predictive refill program and converting fills to 90 days can raise adherence rates to an average of 90%.
 - In 2020, predictive refill usage increased by 2.3% over 2019 by Medicare-Part D patients with maintenance prescriptions.
- **Rx Notifications:** Enrolling a patient in prescription notifications also adds to workflow efficiencies and higher customer satisfaction. The tool can also be utilized to increase adherence.
 - In 2020, there was a 4.5% increase in the number of Medicare-Part D patients using Rx Notifications for their maintenance prescriptions.

- **Rite Aid Mobile App:** This free, 5-star rated app provides tools designed to assist patients with medication adherence. These tools include “My Rx Score,” which tracks an adherence rate on each individual medication, medication reminders, automated refill tools as well as a bar code scanner to refill your medication directly from the bottle.
- **Compliance Packaging:** For our most vulnerable patients, Rite Aid has added a centralized compliance packaging solution that will be scaled throughout 2021.

CLINICAL PHARMACY SERVICE PILOTS

Community pharmacists are among the most accessible of all healthcare professionals. Many patients and their caregivers visit their local pharmacy first to seek help in relieving their symptoms or to ask questions about their care. As a way to make quality healthcare more accessible, many states have taken significant steps to allow pharmacists to further expand their roles, performing additional services that go beyond filling prescriptions and better leveraging their expertise and capabilities.

Through these emerging clinical pharmacy services, Rite Aid pharmacists are providing a higher level of care in their communities. They are now better equipped to evaluate their patients and provide appropriate support and education based on these expanded service offerings.

Here are three examples of how Rite Aid pharmacists are providing a higher level of care in local communities through current pilot programs:

- The Idaho Prescriptive Authority
 - Each of our fourteen pharmacies in Idaho were granted approval to evaluate and treat for cold sores and uncomplicated urinary tract infections, and to prescribe statins for patients who have been diagnosed with diabetes. This year our pharmacists conducted over 400 consultations.
 - The expansion of prescriptive authority improves access to quality, affordable care to treat self-limiting conditions. Our pharmacists are able to practice at the height of their education and demonstrate the important role they play in the healthcare ecosystem.
- Contraceptive Prescribing
 - Our pharmacists are now permitted to prescribe contraceptive therapy in our 73 Oregon pharmacies, 34 of our pharmacies in California and 9 pharmacies in Maryland. This service allows patient access to contraceptive services in a convenient and affordable manner intended to decrease unplanned pregnancy rates in the community and provide preventative care services. This year, Rite Aid pharmacists conducted more than 470 consultations related to contraceptive prescribing.

- Point of Care Testing
 - Our pharmacists have been trained to perform independent testing to diagnose and treat patients for Group A Streptococcal and Influenza. In 2020, we expanded point of care testing from 43 locations in Idaho, Michigan and Washington, to all pharmacies located in these states. . We also advocated Point of Care testing in Pennsylvania and Virginia. Going forward, we will continue to expand to more stores in geographies with favorable regulations to do so.
 - Our pharmacists performed influenza and strep tests on nearly 300 patients in 2019. In 2020 this testing was paused due to precautionary measures for in-store testing due to COVID-19.
 - Point of care testing at the community pharmacy effectively links patients to care in a timely manner. The first interaction for patients with symptoms of influenza or strep throat often occurs in a community pharmacy. Increasing access to care can improve patient outcomes and linkage to appropriate care. In 2020 we began providing Sofia SARS rapid antigen testing in Washington and Idaho in partnership with STC Health for employer based testing. Our pharmacists have administered more than 1,200 tests to date.
 - In March 2020, we partnered with The U.S. Department of Health and Human Services (HHS) to offer COVID-19 testing in our Philadelphia stores. This effort quickly expanded to over 1200 drive-thru locations, where we offer both swab and send-out testing to all individuals (age 4 and older), regardless of symptoms. As of March 2021, we have administered over 2 million COVID-19 tests.

IMMUNIZATIONS

All Rite Aid pharmacists are Certified Immunizing Pharmacists. Our pharmacists have received extensive training to provide both vaccines and education about vaccines, including those that protect against the flu, pneumonia, whooping cough, measles and now, COVID-19, as allowed by state law. This enables our pharmacy teams to engage with our patients and provide vaccines that are appropriate for each patient’s individual needs.


Due to the large shift to remote work during COVID-19 last year, we increased efforts with our voucher based program to invite employer groups into our stores to receive a vaccine, rather than have Rite Aid come on-site.

Despite the pandemic, we completed over 5,000 employer based flu clinics and administered 130,000 doses of influenza vaccines from these clinics in FY21.

In FY21, Rite Aid was activated as jurisdictional partners across our footprint to assist with early COVID-19 vaccination efforts. Our first partnerships took place in New Jersey and Philadelphia to help with targeted health care workers at the end of 2020.

Rite Aid has continued to expand its efforts, and has been activated in the Federal Retail Pharmacy Partnership in a total of 8 jurisdictions. As of June 1, 2021, Rite Aid had administered over 5 million COVID-19 vaccines across 19 jurisdictions.

Our immunization program continues to grow because of our efforts.



Did You Know?

In FY2021, Rite Aid protected over five million patients by administering immunizations. This was an increase over the previous year of more than 560,000 influenza vaccines and nearly 990,000 total immunizations.





Patient Safety

[SASB Drug Retailers; Patient Health Outcomes; HC-DR260b.2]

Patient safety is a critical priority at Rite Aid, and we use a robust proprietary Continuous Quality Improvement Program to drive this effort. With the help of analytics, we constantly review the program for improvements and updates that promote patient safety.

Incident identification, root cause analysis, creation of action plans for future improvements, and implementation of ongoing education, counseling, and follow-up, allows for a reduction in annual claim rates.

Improvements in the data entry process allow for specific searches to be performed, further increasing accuracy in medication selection. Improvements in the filling process only permit a limited number of open orders at one time, which maintains focus and increases accuracy in dispensing. The ability to scan medication bottles, to ensure the appropriate product is selected, provides technical assistance to employees filling medications.

Advances in technology allow us to coordinate the usage of a proprietary clinical review tool to assist in the safe dispensing of controlled substances for our patients. Where available, our pharmacists are also able to quickly assess patient medication records through integrated access to state-specific drug monitoring programs.

Patient safeguards have been integrated at the point of sale to facilitate continued precision in dispensing. These safeguards enable the pharmacist to halt the sale of medication, ensuring professional counseling is personally delivered to the patient. Furthermore, the collection of multiple patient identifiers ensures medications are dispensed to the patient for whom they are intended.

Patient safety is a continually evolving process and our Continuous Quality Improvement Program enables the implementation of the most advanced processes to ensure safe and accurate medication dispensing to the millions of patients we serve.



Managing the Opioid Crisis

As one of the nation’s leading drugstore chains, Rite Aid takes its role as a community healthcare provider very seriously. This means going beyond simply complying with state laws and regulations to also raising awareness about important issues like prescription drug safety and drug abuse prevention and advocating for increased access to education, treatment and proper medication disposal. As one of health care’s most accessible practitioners, pharmacists are uniquely positioned to help educate their patients and communities about prescription safety.

Over the last year, Rite Aid has continued making progress on several key initiatives to help address the opioid crisis:¹⁵

Installed:

More than 826 safe medication disposal kiosks installed in local law enforcement facilities through The Rite Aid Foundation “Safe Medication Disposal” program. This is a 31% increase over last year.

165 safe medication disposal kiosks are available in select Rite Aid stores. Added 65 more units in 2020 with plans to expand in additional west coast stores in 2021.

Removed:

Over 493 tons of unused medications removed from homes through DEA National Take Back Days¹⁶ in 2020, as well as more than 4,000 lbs from our in-store medication disposal kiosks.

Distributed:

Over 256,000 Dispose Rx packets were provided free of charge to assist opioid patients in quickly and safely disposing unused excess opioids since the program’s inception.

Dispensed:


More than 93,000 Naloxone Prescriptions.

Partnered:

With state agencies to participate in Free Naloxone Distribution Day events in MI and NJ

¹⁵ Numbers reflect status as of March 1, 2021

¹⁶ This program is facilitated through the DEA and is not exclusive to Rite Aid. National Take-Back Day is a safe, convenient and responsible way for the public to dispose of unused or expired prescription drugs.



“The past year has shown us just how important the role of the pharmacist is in supporting the health of our communities. We continue to double-down on the pharmacists as a key weapon in battling the opioid crisis, and amid a pandemic, we’re proud to have expanded our efforts to engage and educate customers on opioid use and abuse.”

– Jocelyn Konrad
Executive Vice President, and Chief Pharmacy Officer

Rite Aid was among the first drugstore chains to offer DisposeRx, an opioid disposal solution, for free at every location. DisposeRx packets contain a biodegradable powder that, when mixed with water in the prescription vial, dissolves drugs and forms a viscous gel that can be safely discarded in a customer’s household trash. Dispose Rx packets are offered to patients with new opioid prescriptions and patients with chronic opioid prescriptions every six months. Our pharmacists provide counseling on proper use when providing the DisposeRx packet to a customer. Since we launched this program in May 2018, our pharmacists have provided over 256,000 packets to assist our patients in responsible, safe drug disposal of their unwanted, unused medications.

2020 MILESTONES

- In Sept/Dec 2020, we placed 65 additional medication disposal units in select Rite Aid pharmacies as part of our comprehensive strategy to address drug abuse and misuse in the country. This brings our total in-store units to 165 with additional units planned in 2021 in WA, OR and CA. The units offer individuals a free, safe and convenient way to dispose of expired or unwanted prescription and over-the-counter medications, helping to reduce the chances of accidental or intentional misuse. Additional kiosks will be added as individual states consider legislation for funded medication disposal stewardship programs.

- In December 2020, Rite Aid completed the successful implementation of NarxCare in 2 additional states, bringing the total to 14 (of the 17 states) of operation that have approved Prescription Drug Monitoring Programs (PDMP) integrations. NarxCare utilizes, analyzes and presents information from State PDMPs to enable pharmacists to more efficiently and effectively identify and manage patients at risk for Controlled Substance Misuse and Abuse. The NarxCare program is anticipated to expand as additional states consider approval of the necessary PDMP integrations.
- In early 2020, we started to move our CSOS (electronic controlled substance ordering system) to a CLOUD solution. This will enable stores to not only electronically order, but store and retrieve documentation for all C2 orders. This has been rolled out in 8 of 17 states, with full rollout expected by the end of FY22 Q1.
- In February 2021, we worked with our in-store radio partner and the FDA to run the following PSA: “The following is an important message from the FDA. Do you have unused opioid medications in your home? Please dispose of all unused opioid medication safely. Please ask any of our pharmacists here in the store about available safe disposal options. Learn more at www.FDA.gov/DrugDisposal”

Our pharmacists receive ongoing training on opioid management, counseling and response.

Our pharmacists are trained to educate our patients so they understand the risks of opioid abuse – starting with their first opioid prescription, including through:

- Handouts on opioid use, safe storage, disposal and proper use of Naloxone for patients with opioid prescriptions.
- Warning label sticker on opioid prescription bottles that reads “Caution: Opioid. Risk of overdose and addiction.”
- Counseling for patients with new opioid prescriptions on their prescription.

Naloxone, the drug used to reverse the effects of an opioid overdose, is available in every Rite Aid store without a prescription.

Our pharmacists are prepared to **respond!**

We require our pharmacists to complete a computer-based training program in addition to two hours continuing education training prior to dispensing Naloxone. As part of this comprehensive training, pharmacists are trained on how to identify symptoms of an overdose and what to do in the event of an overdose, including how to safely administer Naloxone to a patient.

MANAGEMENT OF PRESCRIPTION MONITORING AND DISPENSING CONTROLLED SUBSTANCES

In November 2019, the Opioid Taper Guidance from the U.S. Department of Health and Human Services was made available to aid our pharmacists in having conversations with patients and prescribers about the proper and safe tapering of opioid therapies.

In January 2021, we communicated the new HHS guidelines “The new Practice Guidelines for the Administration of Buprenorphine for Treating Opioid Use Disorder” to our pharmacists. These guidelines were put in place in attempts to increase access to OUD by removing the need to apply for an x-waiver for those physicians already possessing a valid DEA registration to treat up to 30 patients with buprenorphine for OUD.

We also participate in prescription drug monitoring programs, including a “red flag” process for pharmacists to regularly review certain highly-diverted prescriptions for patients not known by the pharmacy or where there may be concerns or suspicions of misuse.

- Rite Aid policy requires that all pharmacists be enrolled in their state Prescription Monitoring Program (PMP), and all pharmacists must attest annually their access is active.
- Rite Aid has a robust proprietary prescription dispensing system with built-in logic to assist our pharmacists in providing patient care in a safe and effective manner while ensuring regulatory compliance.

Some examples of system enhancements related to controlled substances include:

- An automated six-step “High Alert Controlled Substance Validation Process” to verify controlled substance prescriptions for high alert medications¹⁷. This was a manual process prior to 2015.
- A “prompt” when controlled substances are attempted to be filled prior to the due date of the refill. The pharmacist must enter an overriding reason if the patient is attempting to fill the prescription more than 48 hours before the refill date.
- Prompts and edits placed within the NexGen dispensing system to alert the pharmacist of certain regulatory requirements, restrictions or actions that might need to be taken.
- Notice of fraudulent prescriber activities when Rite Aid receives notification from the Board of Pharmacy or the PMP program. The pharmacists receive a prompt through the pharmacy system to validate the authenticity of the prescription with the prescriber.
- Rite Aid completed the successful implementation of NarxCare in 14 (of 17 states of operation) that have approved Prescription Drug Monitoring Programs (PDMP) integrations. NarxCare is a tool within NexGen that allows Pharmacists to more effectively and efficiently access and analyze Prescription Monitoring Program (PMP) data in workflow to aid in the clinical decision-making process when dispensing controlled substances.

New enhancements in 2020:

- We began piloting a new internal portal application for DEA Loss Tracking and Reporting. This application will transition initial notification, investigative results and DEA Form 106 preparation from a more manual process to a HUB based application. This will streamline and centralize the flow of the reporting and investigative process for controlled substance losses and allow Regulatory Affairs to review and respond via the portal application to mitigate the risk.
- A NexGen block was put in place to only accept electronic prescriptions for promethazine with codeine to help mitigate the risk of increasing fraudulent prescriptions for this drug.
- Enhanced system controls around new regulations for California controlled substance prescription forms allow for the scanning or manual entry into NexGen and validating or rejecting prescriptions not possessing a 12-character serial number and a corresponding barcode.
- Enhancements were made to our Annual/Monthly control count application.

¹⁷ The DEA has defined certain controlled substances such as oxycodone, oxymorphone, methadone, suboxone, hydrocodone, tramadol and certain combination of products commonly known as the “trinity” (oxycodone, alprazolam and carisoprodol or any combination of drugs from these three drug classes) as being at a higher risk for abuse and diversion and, as such, these products are the main focus for our procedures for validating and dispensing high-alert controlled substance medications.



“The Integration of Narxcare and PDMP information into our pharmacists’ workflow assists in focusing their attention on improving the health and wellness of our patients in the communities that we serve. Patient safety and compliance are important priorities at Rite Aid, and Narxcare serves as an additional tool for our pharmacists to use in order to make sound decisions when dispensing controlled substances.”

– Dennis Yoney
GVP, Regulatory Affairs at Rite Aid

Elixir: Improving Patient Access, Affordability & Health Outcomes

Making sure customers get the right medication at the best price possible with the clinical care they need means providing service that goes beyond the walls of the community pharmacy. Our wholly owned subsidiary, Elixir, is focused on making medications more affordable for everyone—plan sponsors and their members. Elixir’s services include:

- Pharmacy Benefit Management (PBM)
- Mail and Specialty Pharmacy
- Medicare Part D Prescription Insurance
- Cash Prescription Discount Programs

Expanding Access to Coverage

More than 20 million people rely on the pharmacy benefits and services of Elixir. Throughout the United States and Puerto Rico, we help employers, commercial and government-sponsored health plans, and hospice organizations offer affordable prescription drug benefits, convenient access to pharmacies and the clinical management needed to keep drug spending under control.

Additionally, our own Part D prescription drug plan offers Medicare beneficiaries an extremely affordable option. Coverage is available regardless of health status, gender or pre-existing conditions. Whether our members are looking for a low premium plan or are on a government subsidy, our plan provides coverage for thousands of drugs, including brand, generic and specialty medications. Member copays for tier 1 generic medications are as low as \$1 at retail pharmacies and \$0 for a 90-day supply delivered to their home. We offer a large

pharmacy network that includes not only Rite Aid, but also competitive retail chains and many small, independent pharmacies.

For members who may have difficulty getting to a pharmacy for physical or economic reasons, or even those in rural areas, our mail order pharmacy plays a vital role in improving access to the medications they need. Members with chronic conditions, who depend on maintenance and specialty medications, can have them delivered to their door, often at a lower cost than retail.

While these offerings help people who are employed or eligible for government-sponsored plans, many are underinsured or uninsured. To help make medications more affordable to these people, we offer a prescription drug savings program, often saving up to 80% on the cost of FDA-approved drugs. The program is free, with no membership fees or hidden costs. There are no enrollment requirements, restrictions or limitations. It can be used instantly at more than 60,000 pharmacies nationwide, including all major retail chains and regional grocery stores. It also may be used instead of, but not combined with, prescription drug insurance or Medicare.

Because of the rising cost of drugs, many plan sponsors exclude medications like those that treat cosmetic-related acne, impotency, weight loss and smoking cessation. These “lifestyle” drugs can have a significant impact on a person’s quality of life and can improve other chronic conditions like diabetes, hypertension and high cholesterol. With our prescription discount program, members have more affordable access to these medications.

Improving Health Outcomes

Plan sponsors and members can feel overwhelmed with the number of drugs and new indications available, as well as rising costs. Plan sponsors want to offer better benefits, but may struggle with being able to do so. They often have no choice but to increase member cost share. Members may struggle to pay for their medications, mitigate side effects or understand increasingly complex therapies. As a result, some members stop adhering to their prescribed treatment plan, leading to worsened health and unnecessary costs for plan sponsors. And the cycle continues.

As a part of our pharmacy benefits and services, we help plan sponsors and members by providing crafted solutions, from clinical to formulary and benefit design, that consider specific disease states, target populations and the efficacy of drug options available. While having the clinically appropriate controls in place is important, you also have to consider each individual member and their condition.

ADDRESSING THE UNIQUE NEEDS OF SPECIALTY MEDICATIONS AND THE PEOPLE WHO RELY ON THEM

Specialty medications are revolutionizing the pharmaceutical industry, providing new hope and treatment options for people with complex conditions like multiple sclerosis, hepatitis C and cancer. However, these specialty therapies come with a hefty price tag and complexities that must be managed for each person as an individual.

When members are utilizing specialty medications, many PBMs simply turn over care to the specialty pharmacy. We understand that it is important to have the right mix of condition-focused clinical controls to ensure members get the right drug at the right time and the right price. Elixir works with plan sponsors to develop a plan design with

condition-focused clinical controls tailored to meet the needs of the plan and the condition being treated. We integrate with the specialty pharmacy, whether our own or another elite partner, to control cost and improve health outcomes. Our visibility into utilization history and claims processed through any pharmacy enables care coordinators to see the member's full profile and work together to best manage the member's care. This provides better, data-driven personalized clinical guidance that controls costs and improves health outcomes.

Our care team works with the specialty pharmacy to ensure high-touch care from the very first member interaction. We spend time with each member assessing individual risks, such as readiness for therapy, medical and drug coverage, financial ability to afford treatment, site-of-care options and adherence. Our specially trained pharmacists monitor disease activity, treatment response and help members resolve therapy hurdles. This individualized care often increases member confidence in their therapy and adherence rates, producing lower abandonment rates.

A BALANCED APPROACH TO UTILIZATION AND THERAPY MANAGEMENT

Our balanced clinical approach considers clinical effectiveness, economic impact and member experience. Sometimes, it's important to provide coverage for a drug (or keep it on a formulary) that's a higher cost simply because it's the most clinically appropriate medication available for the condition. There also may be situations when it's more important for members who are already at a "stable state" to continue using a medication rather than requiring a switch to a new drug due to a change in formulary.

Our utilization management (UM) and nationally recognized drug therapy management (DTM) programs ensure members are appropriately

taking medications prescribed for them to optimize therapeutic outcomes. Through member profiling and analytics, we detect instances of inappropriate drug therapy and provide interventions to support better health outcomes.

CHANGING MEMBER BEHAVIOR

Getting someone to a healthy stable state often means getting individuals to change habits. As an example, nearly half of all type 2 diabetics are non-adherent to their prescribed medication in the first year after diagnosis. For many people, managing the disease is overwhelming and they don't understand the importance of taking their medication. With education and counsel, more diabetics, especially those new to therapy, can avoid unnecessary hospitalizations and additional health complications.

Our data-driven program engages members and identifies those with gaps in care or who are non-adherent. Our Care Navigators, which include clinical pharmacists and registered nurses, use this data to engage members with diabetes and screen for adherence rates and over 20 unique care gaps, like blood pressure and cholesterol levels. We reach out to at-risk diabetic members to conduct medication reviews, assess health goals and measurements, monitor blood glucose levels, offer smart glucometers and counsel on barriers to adherence. Prescribers are notified of drug therapy recommendations. Typical results after one year of implementation include 35% of participants seeing a reduction in at least one risk factor (blood pressure, A1C, blood sugar or cholesterol).

PROTECTING MEMBERS AND PLAN SPONSORS FROM AN EPIDEMIC

Management of pain has become a nationwide issue, and one that we take very seriously for the comfort and protection of our members. Our pain management programs focus on member safety

through communication, education and outreach, as well as interventions that help avoid excessive dosing and dangerous drug combinations, with the goal to help individuals manage pain safely.

Our programs are modeled after—and often exceed—industry standards and guidelines recommended by organizations like the Centers for Disease Control and Prevention (CDC) and the Centers for Medicare and Medicaid Services (CMS). We identify members obtaining potentially harmful opioid dosing and implement case management protocols for them.

We also offer an option for clinical pharmacists and registered nurses to coordinate care through direct outreach to prescribers. Prescribers are notified of the member's opioid claims history, others prescribing pain medications and the pharmacies used by the member. This ensures identified high-risk cases are resolved through a collaborative process with pharmacist and prescriber input.

ELIXIR COMMUNITY INVOLVEMENT

Elixir believes in being a caring neighbor through its charitable giving and hands-on community service activities. Our philanthropic efforts focus on children's health, community health and wellness, and disaster response and recovery. Key programs/partnerships include:

- Emergency Assistance Center in Northeast Ohio
- Summit County Children's Services
- Project Care of Stark County
- Foundation to Fight Blindness
- Folds of Honor Foundation
- Cristo Rey work study program
- Children's Mercy Hospital in Kansas City
- Disaster relief for hurricane victims
- Donation of hand sanitizer to Puerto Rico Police Department during COVID-19 pandemic

Wellness Programs Delivered By Health Dialog

Our wholly-owned subsidiary Health Dialog provides integrated, multi-channel health coaching services to our patients. Health Dialog’s nurse line service is URAC accredited for Health Call Center and NCQA certified for Health Information Line. In addition, Health Dialog has received NCQA Disease Management/Population Health Program Accreditation.

One key aspect of its business is to develop, design and/or execute wellness programs. The following wellness programs were active in 2020:

- **Tobacco Cessation:** This program engages individuals who use tobacco to help improve health outcomes. Innovative outreach strategies provide education and support, access to Respiratory Therapists, online coaching models and award-winning toolkits to help participants achieve behavior change goals. Participants completing the program are defined as those who complete four or more objectives or who report tobacco cessation.
- **Weight Management:** This 12-week program engages individuals who are overweight or obese to help improve health outcomes. Participants are offered a variety of ways to engage and learn at their own pace through digital education partnered with 1:1 telephonic support with a Registered Dietician. Participants are incentivized to track their progress toward their weight goals. Upon completion, individuals are offered a completion reward and are invited to continue to work with a health coach as needed to achieve or maintain their weight goals.

- **Cardiometabolic Risk:** This program engages individuals with metabolic syndrome, high cholesterol, high blood pressure, high blood sugar, diabetes, or lack of physical activity to prevent risk progression and to help improve health outcomes.
- **Diabetes Management Program:** This program engages individuals with Type II Diabetes to provide education and support to help them manage their condition. The primary focus of the program is to address lifestyle factors such as nutrition, physical activity and medication adherence to help individuals regulate their glucose, blood pressure and A1C levels. Participants are offered financial incentives throughout the program to remain engaged and are offered a customized Diabetes Management Mobile app to track their progress.

Twenty-seven percent of all Health Dialog members participate in one of these programs and there are active plans in place to continue growing enrollment even higher.¹⁸



Extraordinary Times, Extraordinary Actions

As 2020 launched a new day at Rite Aid, so too did the year signal a new day for The Rite Aid Foundation, the public charity created by the company nearly two decades ago.

A tumultuous time defined by the historic COVID-19 pandemic and renewed calls for racial equity moved The Rite Aid Foundation to new levels of community support and demonstrated that a fundamental shift would be necessary to address today’s most-pressing societal challenges.

In addition to historic levels of grant-making responding to real-time crises, The Rite Aid Foundation transformed its strategy, programs and relationships to meet the complex needs of Rite Aid’s communities, which were even more acute in 2020.

Collectively, The Rite Aid Foundation committed more than \$24 million in grant funding in 2020, to drive the immediate response to the COVID-19 pandemic, to support the life-saving work of children’s hospitals, to initiate new partnerships with leading organizations and much more.

At the same time, The Foundation continued its legacy initiatives to support proactive opioid abuse prevention programs in schools through its partnership with EVERFI, provided educational scholarships for children of killed or wounded service members through its partnership with Folds of Honor, and worked with the American Red Cross to support areas affected by devastating western wildfires.

¹⁸ Calendar year 2020 data

About The Rite Aid Foundation

The Rite Aid Foundation is a charitable, tax-exempt 501(c)(3) public charity established by Rite Aid in 2001. Its mission is to raise funds to support charitable activities in the various communities that Rite Aid serves, with a sharpened focus on addressing racial inequities and health disparities while driving meaningful progress and sustainable change on these key issues.

Over the 20 years since its inception, The Foundation has received significant support from the public, with its primary source of revenue derived from the KidCents customer fundraising program. More than 3 million Rite Aid customers generously round up their purchases with Rite Aid and donate the change to The Rite Aid Foundation. Proceeds support charitable organizations, programs and initiatives that improve the health and wellness of children and families across Rite Aid communities.

In addition, Rite Aid's business partners generously support the Foundation through an annual fundraising event that deepens the charity's ability to drive funding and change across the company's broad geographic footprint.



The Foundation supports charities in Rite Aid communities. Clockwise starting at upper left photos courtesy of Art Sparks Dance, UPMC Children's Hospital of Pittsburgh, Neighborhood Homework House and American Red Cross.

Taking Immediate Action to Address COVID-19 Pandemic

The Rite Aid Foundation responded to the acute onset of the pandemic with a \$7.2 million philanthropic package that bolstered organizations and funds supporting healthcare providers and first responders, hard-hit hotspots, and community needs in key areas – especially food insecurity, family support and children's services. The Foundation's support:

- Deployed mental health resources, financial assistance, and educational webinar series for nurses serving on the front line of the pandemic through a partnership with The American Nurses Foundation
- Kept families safe from exposure by providing nearly 13,000 hotel rooms with meal stipends to first responders on the front lines through a partnership with the First Responders Children's Foundation
- Provided meals, essential childcare service, virtual programming and sanitization supplies for 19 Boys & Girls Clubs across seven states
- Supported 5 million meals distributed through Feeding America's network of food banks
- Funded critical personal protective equipment, COVID-19 testing supplies, and childcare and mental health services for children's hospitals and their staff
- Assisted several community funds in rapid distribution of direct charitable aid, food security grants, housing support and more in Detroit, Los Angeles, New Jersey, New York, Philadelphia, Pittsburgh, Seattle and other major cities during the acute onset of the pandemic
- Supported more than 3,300 Rite Aid associates with special, one-time pandemic hardship grants that filled critical gaps in household budgets, assisting with rent payments, grocery purchases, childcare expenses and unexpected medical bills related to COVID-19.

*"A solution-driven approach to healthcare is relevant now more than ever. Relief donations like yours help address the shortage of personal protective equipment (PPE) and provide critical support services for our caregivers on the front lines. The ability to evolve and adapt during this pandemic and beyond is critical to keeping our patients and caregivers safe, and your support truly reminds us that **we are all in this together.**"*

– Jaewon Ryu, MD, JD,
President and Chief Executive Officer,
Geisinger Health System, Danville, Pennsylvania

Driving Support to KidCents Charities During Unprecedented Times

As the pandemic disrupted charitable operations and fundraising cycles, The Rite Aid Foundation continued its support of 480 community charity organizations through its KidCents customer fundraising program with \$10,000 Giving Tuesday grants that supported vital health and wellness programs for children. Each organization received a grant for a total of \$4.8 million in collective support.

KidCents charities used the grants to bolster after-school programs, establish virtual operations and continue to employ critical staff members needed to address a historic societal crisis.

The Giving Tuesday grants built upon The Rite Aid Foundation's earlier 2020 KidCents grant award, which distributed \$5,000 grants – totaling \$2.4 million – to KidCents organizations.

Spread across Rite Aid's 17-state footprint, KidCents charitable organizations range in size from grassroots operations to regional entities, with 100% offering programs and services that support low-income and diverse populations in their communities.

Programs support good health and everything that contributes to it, from quality education to nutritious food, and access to safe housing and stable income. Recipient KidCents charities include food banks, homeless shelters, foster care organizations, child abuse centers and therapeutic care facilities for chronically ill children, often in underserved and disadvantaged communities.

More than 3 million generous Rite Aid customers participate in the KidCents program, rounding up their purchases when shopping in-store or online. The Rite Aid Foundation returns the customer contributions by distributing charitable funds to local charities and missions across the company's footprint to drive community change.

"All of us at Home Start were overwhelmed to receive this incredible news this morning of The Rite Aid Foundation's upcoming year-end grant next month. ... You are making it possible for our life-changing programs to continue serving San Diegans most devastated by COVID-19. We have and will continue to provide rental assistance to prevent homelessness, utilities assistance to keep the lights on, food relief to keep food on the table, behavioral health services to help cope with anxiety and stress, parenting classes to help local parents with resources to thrive, and more."

– Mark Lagace,
Director of Philanthropy, Home Start, Inc.,
San Diego, California

"I am overwhelmed, sincerely grateful, and in awe of The Rite Aid Foundation's significant contribution to CADY and other vital child-serving organizations. Your vision is one to be emulated in the business sector. Thank you for your leadership in protecting what we value most – our children and communities."

– Debra Naro,
Executive Director, CADY, Inc.,
Plymouth, New Hampshire

Shifting Focus to Eliminate Racial Disparities Affecting Health

Recognizing discrimination as one of the greatest threats to public health — and that the pandemic only exacerbated existing community divides — The Rite Aid Foundation in 2020 fine-tuned its focus to address the intersection point of racial inequities and health disparities.

With special emphasis placed on the conditions in which people are born, grow, live, work and age, The Foundation aimed to begin shaping positive change through targeted neighborhood grants designed to create healthier communities from the ground up.

The Foundation began the strategic process of re-imagining existing charitable partnerships through this new lens. It also began crafting new programs, such as a localized strategy that will dive deep into multiple pilot cities in 2021, listening and collaborating with community members and providing support while using their strengths, knowledge and determination to conquer challenges facing them.

This strategic work built upon a financial commitment in June 2020, as the call for true racial equity echoed throughout the country and in communities just outside Rite Aid stores. After George Floyd's murder, The Rite Aid Foundation committed \$2 million across two organizations, EmbraceRace and United Way, to accelerate progress and drive sustainable change related to racial equity. The dedication of these significant grants intended to spark renewed dialogue, courage and action across many voices, stakeholders, sectors and communities.

In 2021, the Foundation resolves to build upon the existing groundwork to address significant societal challenges such as low literacy rates, food insecurity, rising levels of anxiety and depression, increased obesity and a stunning gap in life expectancy driven by the disparities, inequities and societal divides that disproportionately affect minorities and low-income communities.

"The work of realizing the true promise of multiracial democracy in the United States, where everyone feels they belong and where real opportunity exists for all, must start at the youngest ages with our children. Children begin to develop their racial sensibilities at birth, with continued critical development during the early childhood and elementary school years. Our goal is to scale the strategies, resources and partnerships that enable our families and our nation to raise a generation of children who are thoughtful, informed and brave about race."

– Andrew Grant-Thomas,
co-founder of EmbraceRace

Building New National Partnerships

Continuing its response to the unprecedented COVID-19 pandemic, The Rite Aid Foundation launched new national partnerships - Girls on the Run and SeriousFun Children's Network - to assure continued programming and impact during the pandemic, as well as to enhance their missions and efforts to serve diverse communities over the coming years.

Collectively, the two charitable organizations serve more than 275,000 children each year, providing a sense of belonging, opportunities for building friendships and programs that improve their overall health and wellness. The new partnerships also strategically position The Rite Aid Foundation for

future collaborations to address the intersection point between racial equity and health disparities.

Girls on the Run International utilized its \$1 million grant to expand its traditional and at-home delivery options while advancing its commitment to Inclusion, Diversity, Equity and Access (IDEA) programs. It also invested in 21 Girls on the Run councils in cities such as Cleveland, Detroit, Harrisburg, Los Angeles, New York, Philadelphia and Seattle to ensure programming continued through the pandemic, and to facilitate long-term sustainability, growth and commitment to supporting girls from historically underserved communities.

Funding from The Rite Aid Foundation supported efforts to assess, update and prepare SeriousFun member camps to re-open for in-person activities, along with enhanced onsite safety needs, to protect medically fragile children, their families, staff and volunteers during times at camp. Additionally, the grant advanced diversity, equity and inclusion evaluations and efforts, as well as network-wide DEI training for SeriousFun camps.

"SeriousFun camps were founded on the idea of allowing children living with serious illness to get back to being a kid, something that often feels out of reach for them. The fear, isolation and uncertainty being felt around the world as a result of COVID-19 are something our campers and their families know all too well. For these families, camp is more important now than ever before, which is why we are focused on supporting children with serious illnesses and their caregivers through innovative alternative and virtual programming as we prepare to resume the in-person programs they so look forward to when it is safe and right to do so."

– Blake Maher,
Chief Executive Officer,
SeriousFun Children's Network

Stepping Up for Children’s Hospitals

Recognizing the profound need posed by the COVID-19 pandemic, The Rite Aid Foundation in 2020 teamed with Rite Aid for its annual Miracle Balloon Campaign, contributing \$3.5 million in grant funding to Children’s Miracle Network Hospitals to augment \$1.9 million raised by customers in stores.

The campaign benefited 53 Children’s Miracle Network Hospitals within Rite Aid’s 17-state footprint, such as:

- Beaumont Children’s Hospital in Detroit
- Children’s Hospital Los Angeles
- Children’s Hospital of Philadelphia
- Cohen’s Children’s Medical Center in New York
- Johns Hopkins Children’s Center in Baltimore
- Penn State Children’s Hospital in Hershey, Pennsylvania
- Seattle Children’s Hospital

Rite Aid Associates rally to the cause each year to raise donations to fund patient services, critical care, life-saving equipment, pediatric programs and more at children’s hospitals.

Rite Aid has conducted the campaign for 26 years — and in 2020 became just one of seven corporations to surpass \$100 million in overall fundraising and grant making.

“Surpassing the \$100 million fundraising milestone is a tremendous testament to Rite Aid’s years of dedication to building healthier communities and transforming how our network of children’s hospitals meets the most urgent needs, saving more lives and protecting our collective future. We are grateful to Rite Aid’s customers, vendors and associates for confronting the many challenges of 2020 to help us change kids’ health, and change the future — for all of us.”

– Teri Nestel,
President and CEO of Children’s Miracle
Network Hospitals

“We will listen, learn and serve as a partner, investing in innovative and creative initiatives, programs and solutions that generate **hope, optimism, resiliency and impact in communities**, plus inclusiveness and opportunity for all in neighborhoods across Rite Aid’s business footprint.”

– Matthew DeCamara,
Executive Director, The Rite Aid Foundation



The Foundation has remained a supporter of charities that bring health, wellness and joy to children. Clockwise from top, photos courtesy of SeriousFun Children’s Network, Camp Casey and Art Sparks Dance.

ABOUT THIS REPORT

This is Rite Aid Corporation’s third annual Corporate Sustainability Report. It provides insight on the company’s social and environmental endeavors and related performance data for FY21 (March 1, 2020–February 27, 2021), unless otherwise noted.

References to “Rite Aid,” “Rite Aid Corporation,” the “Company,” “we,” “us,” or “our” in this report refer to Rite Aid Corporation and/or its affiliates. Rite Aid Corporation, a Delaware corporation, owns multiple subsidiary companies which operate Rite Aid stores and pharmacies and other affiliated companies. The term “affiliates” means direct and indirect subsidiaries of Rite Aid Corporation and partnerships and joint ventures in which such subsidiaries are partners. References herein to “associates” refer to employees of our affiliates.



ENVIRONMENTAL	SOCIAL	SOCIAL CONT.
Energy Management, Fleet Fuel & Carbon Emissions	Access to coverage	Product Safety, Quality, Health and Nutrition
Hazardous Waste	Community Involvement	Workplace Diversity & Inclusion
Management of Environmental Impacts in the Supply Chain	Data Security & Privacy	Product Sourcing, Packaging and Marketing
	Drug Supply Chain Integrity	
	Food Safety	
	Labor Practices	
	Management of Controlled Substances	
	Management of Social Impacts in the Supply Chain	
	Patient Health Outcomes	
		GOVERNANCE
		Anti-Fraud, Corruption and Bribery
		Governance of ESG issues
		Risk Management

LEGEND

SASB Standard
Additional Rite Aid Priority

Assessment of Importance

The basis for our assessment of importance was both internal and external stakeholder feedback, combined with guidance from SASB (the Sustainability Accounting Standards Board). Some of the sources included:

- Shareholder resolutions
- Select institutional investor input
- Company programs, policies and risk factors
- Industry trends

While Rite Aid is categorized by SASB as a Drug Retailer, topics were additionally drawn from Food Retailers & Distributors, Managed Care Standards and Multiline and Specialty Retailers & Distribution Standards. The framework for our 2021 report appears in the table above.

Based on our assessment, we concluded the issues of greatest importance to our company and our stakeholders fall into four pillars: Thriving Planet, Thriving Business, Thriving Workplace and Thriving Community.

Information Integrity

Rite Aid is responsible for the arrangement and integrity of information in this report. The programs, data and aspirations disclosed in this report are managed by the groups responsible for achieving them. Using several key controls, including a review process with internal subject matter experts, we believe this report accurately represents our CSR endeavors for FY21. The report was reviewed by Senior Management, as well as the Nominating and Governance committee of the Board of Director, prior to its release.

Your Feedback

We appreciate comments so that we can improve our reporting and provide the most relevant information to our stakeholders. Please send your comments to Amanda Patrick, Head of Sustainability, amanda.patrick@riteaid.com.

Cautionary Statement Regarding Forward Looking Statements

Statements in this report that are not historical, are forward looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements regarding Rite Aid's goals for and projections of future results; the expected execution and effect of our Corporate Social Responsibility strategies and initiatives and the amounts and timing of their expected impact; our ability to successfully implement our new business strategy (including any delays as a result of COVID-19); and any assumptions underlying any of the foregoing. Words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” and “will” and variations of such words and similar expressions are intended to identify such forward looking statements. These forward looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, known or unknown. For a description of risk factors as they relate to forward looking statements, you are encouraged to read Item 1A (Risk Factors) of our most recent Annual Report on Form 10-K and in other documents that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward looking statements. Accordingly, you are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date they are made. Rite Aid expressly disclaims any current intention to update publicly any forward looking statement after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.



Rite Aid 2021 Corporate Sustainability Report