



Our Work Today Builds a Healthier Tomorrow

Rite Aid 2020
Corporate Social
Responsibility (CSR) Report





Table of Contents

A Message From Our CEO	2
Who We Are	4
Our Mission and Operations	
Corporate Governance	
Corporate Social Responsibility in Times of Crisis	
Environmental Sustainability	10
Energy Management	
Waste Reduction and Minimization	
Our Sustainable Supply Chain	16
Responsible Sourcing	
Product Safety, Quality, Health and Nutrition	
Improving Health and Wellness	28
Improving Health and Wellness at Rite Aid Pharmacy	
Patient Health Outcomes	
Managing the Opioid Crisis	
Elixir: Improving Patient Access, Affordability and Health Outcomes	
Wellness Programs Delivered by Health Dialogue	
Community Involvement	44
Our Sustainable Workplace	50
Workplace Wellness	
Labor Practices	
Workplace Diversity and Inclusion	
Data Security and Privacy	
About This Report	62



A Message from Chief Executive Officer, Heyward Donigan

"Our business is responding to our stakeholders interest in working with or investing in companies who clearly demonstrate social and environmental sustainability as part of their business strategy. We have elevated ESG to be a key strategic initiative for the company. "

Heyward Donigan



Dear Stakeholders,

It's a new day at Rite Aid. It's not too often we get to totally redefine what an entire industry looks like, but that's exactly what we are doing. Our new strategy looks to fundamentally change Rite Aid's role in health care.

In March, we laid out our vision to dramatically and visibly change our business, through our RxEvolution. Over the last seven months, we've been moving with great urgency to turn our company around, reduce our debt, free up cash, reduce expenses, and get our business growing again, while also planning for the future. As consumers continue to shift from traditional health to a holistic health and wellness mindset, Rite Aid will become known as a Whole Being Health destination that treats mind, body and spirit. In order to be recognized by our target growth segment, as a curator of "good for you" products and services, we must re-double our efforts to foster sustainability. And to continue to attract top talent, we must further our commitment to being a socially-responsible organization.

We have made significant progress in our Environmental, Social and Governance (ESG) efforts in a short amount of time. This is good for our environment, our associates, our customers, our communities and our stakeholders. Our business is responding to growing stakeholder sustainability concerns, from success in our ongoing commitment to cleaner, less toxic ingredients in our products, to investing in a product assortment that is consistent with our strategy of holistic health and wellness, to reducing our environmental footprint through renewable energy opportunities and waste reduction initiatives.

Governance is an essential part of managing our sustainability agenda and aligning with our broader vision and business strategy. Our Corporate Social Responsibility Committee met quarterly last year and provided regular updates to our Board of Directors. Our Committee will continue to stay engaged with both our executive leadership team and our Board as our program continues to evolve and move forward.

After issuing our inaugural CSR Report in 2019, we performed a gap assessment and rating analysis to measure our first-year performance and identify key opportunities to help guide our sustainability journey over the next several years. We continue to seek alignment with reporting frameworks like the Sustainability Accounting Standards Board (SASB). In 2020, we will be working towards better alignment with the Task Force on Climate-related Financial Disclosure (TCFD), and we plan to formally benchmark our climate risks and opportunities by reporting to The Carbon Disclosure Project (CDP).

As a healthcare company that operates in many communities throughout the country and engages with millions of patients and customers through our various lines of business, we believe we are uniquely positioned to continue making a meaningful difference in the lives of our customers, associates and neighbors. We thank you for taking the time to review this report and learn more about our ongoing efforts.

Sincerely,

A handwritten signature in black ink, reading "Heyward Donigan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Heyward Donigan



Who we are

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

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

Our strategy is composed of three main pillars:

- Becoming the dominant mid-market Pharmacy Benefits Manager (PBM)
- Unlocking the value of our pharmacists
- Renewing our retail and digital experience



Our Operations

- Headquarters: Camp Hill, Pennsylvania
- \$22 billion in retail pharmacy revenue
- Pharmacy services and retail company
- 6,400 Pharmacists
- 500K scripts filled per day
- 2,463 + retail pharmacies serving thousands of local communities in 18 states¹
- 50,000 Associates
- 6 Distribution Centers
- Pharmacy Central Fill Facility
- Thrifty Ice Cream Plant

Pharmacy Benefit Management



EnvisionRxOptions, our pharmacy benefits manager, is rebranding to become known as Elixir. The rebrand is not just a new name but a true integration that will offer more options, more capabilities and efficiencies that clients and members expect. Elixir's fully integrated PBM offering includes technology solutions, mail order delivery, specialty pharmacies, network and rebate administration and claims adjudication, as well as prescription discount programs and groups. The company also offers a national Medicare Part D plan, and Medicare commercial products. With its connection to more than 2,400 Rite Aid stores, Elixir is the only payer-agnostic PBM with a retail pharmacy footprint.

- **Over \$6 billion in annual revenue**
- **3.7 million lives covered**
- **85 million claims per year**
- **Over 1,500 clients**

Our Wholly Owned Subsidiaries



RediClinic operates retail clinics staffed with board-certified nurse practitioners and physician assistants. RediClinic staff is trained and licensed to treat common conditions and provide preventative services in collaboration with local physicians who are affiliated with a leading health care system in each market.



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.

¹ Reflects current store count as of March 2, 2020

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 under the Company's independence standards.

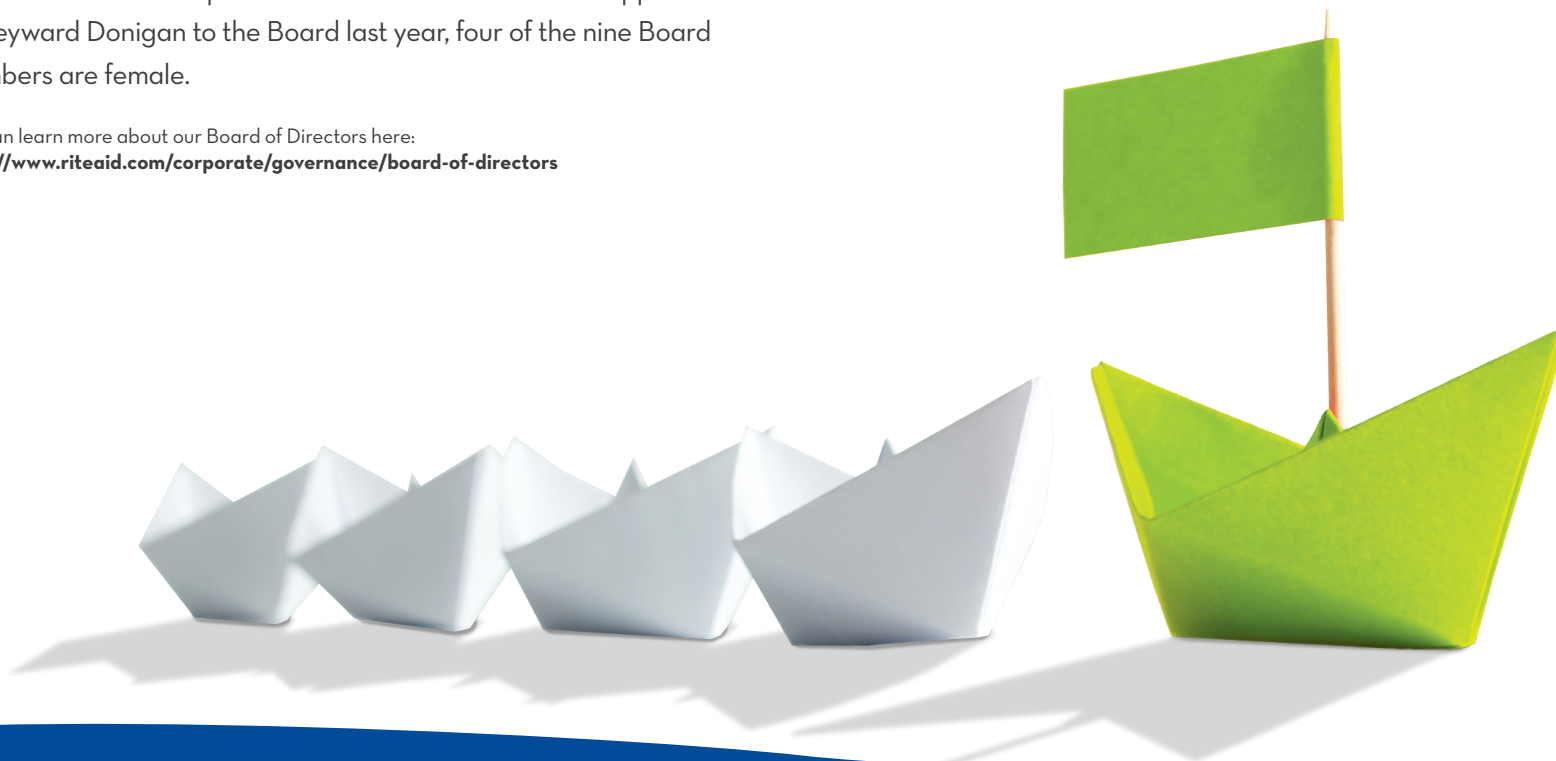
In 2018 and 2019 we added five new independent directors to our nine-member board and, in 2019, Heyward Donigan was appointed Chief Executive Officer and Board member. Through the Board Refreshment Process, the Board has increased its racial and ethnic diversity, with four of the nine Board members being 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 Heyward Donigan to the Board last year, 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 Ethic here:
<https://www.riteaid.com/corporate/governance/code-of-ethics>



Governance in Corporate Social Responsibility

Rite Aid is committed to Corporate Social Responsibility 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 value for our shareholders, our customers and our associates, but also because “integrity in all we do” is one of our core values.

Our Social Responsibility Committee updates our Board of Directors through our Corporate Compliance Committee. The Social Responsibility Committee is composed of senior-level leadership stakeholders with cross-functional representation within the company. The Corporate Social Responsibility Committee produces our annual CSR report and leads progress on sustainability initiatives and programs throughout the company. The Framework of this report was reviewed and approved by the Audit Committee of the Board of Directors.

Our Social Responsibility 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

Corporate Social Responsibility in Times of Crisis

Rite Aid's mission to improve health and wellness in the communities we serve has never been more important. In the face of the unprecedented COVID-19 pandemic, we've been on the front lines of healthcare delivery in many of the hardest-hit cities across America.

Our response to this global crisis is closely tied to our corporate social responsibility efforts. We were proud to join the White House COVID-19 Response Working Group and help significantly expand the nation's self-swab testing capacity. We now have 71 testing sites across 12 states.

Rite Aid associates have been at the heart of our response to the pandemic, providing communities with medications, essential supplies and COVID-19 related information they need. We committed to hiring 5,000 additional associates for full- and part-time roles across the country to support store and distribution center teams.

Our Hero Program recognizes the efforts of associates on the front lines through Hero Pay for hourly employees, a Hero Bonus for store and distribution center management, and an increased associate

discount. Pandemic Pay offers compensation for associates impacted by the virus, and flexible leave policies also have been implemented.

The safety of our customers and associates is of critical importance. Steps we have taken to keep associates and customers safe include the establishment of social-distancing measures and enhanced cleaning protocols, the installation of Plexiglas shields at front-end counters and implementation of designated shopping hours each day for seniors to help limit their exposure. We also recently announced mandatory temperature screening and face masks for all associates.

Meanwhile, The Rite Aid Foundation committed \$6 million to a COVID-19 philanthropic package supporting frontline responders, pandemic hotspots, and national community organizations, with \$2 million dedicated to Rite Aid's own front-line associates.

Rite Aid will continue to play a pivotal role in America's response to what may be the greatest challenge of our lifetime. As we do, our commitment to socially responsible company management remains at the core of everything we do.





Environmental Sustainability: **Responsibly Managing Energy and Waste**

Rite Aid is committed to leading an environmentally sustainable business. These principles have been integrated into our core vision, social purpose and overall aspirations to improve the health of our climate and our communities.

We recognize the critical need for global action to address climate change. Over the past five years, we have made significant investments to improve energy efficiency and fleet fuel economy, and to reduce waste. It is our belief that when we, as a company, focus on our ability to positively impact the environment and work to conserve resources, we are collectively serving our communities, our shareholders and our planet.



Energy Management

We currently monitor our stores' energy performance through the 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:

- In February 2020, we partnered with 3 Phases Renewables 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.
- After upgrading to high-efficiency fluorescent lighting in all our stores, we are continuing to foster a sustainable environment by installing LED lighting.

Our LED installations have decreased annual electric

consumption by 24 million kWh, a 33% improvement over last year.

- To date, we've installed LED lighting in nearly 28% of our stores, an 8% increase over last year. We plan to continue adding 200 stores per year going forward. In 2019, we exceeded our goal, installing LED lighting in 246 locations.
- 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.

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.

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 lowered 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 stores¹ year over year.



	2017	2018	2019 ³
Total Energy Consumed (GJ) ⁴	2,648,267	2,605,133	2,506,037
Percentage Grid Electricity (%)	100%	100%	100%
Percentage Renewable (%)	0%	0%	0%

¹ On a comparable store basis.

³ 2019 energy estimated based on historic data.

⁴ Total energy consumed for 2020 CSR calculated to include relocated store usage (not included in prior year 2019 CSR) Measured in GJ for 2020 report; was measured in kWh for 2019 report.

Business Travel and Product Delivery

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 Fiscal 2019 and Fiscal 2020, we reduced our passenger vehicle fleet by 186 vehicles, saving nearly 200,000 gallons of fuel and reducing our emissions by 1,750 metric tons.⁵

To improve fuel economy, in Fiscal 2020 we began installing aerodynamic skirts on the fleet of trailers that service four of Rite Aid's six Distribution centers. This project will be completed by the end of April 2020 with an anticipated 4% improvement in overall fuel economy for these fleets.⁶

Our transportation group is collaborating 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 Fiscal 2021. We estimate an 8.3% reduction in miles driven (approximately six routes per day), saving roughly 62,000 gallons of fuel annually.

Fiscal 2020	Fleet Fuel Consumed (gallons)	Percentage Renewable
Associate Fleet	689,551 ⁷	0%
Distribution Fleet	2,353,620 ⁸	0% ⁹

⁵ Calculated at 86% business travel based on driver reported mileage. Results due to company reorganization.

⁶ Based on projections from the product manufacturer.

⁷ Calculated at 86% of business travel based on driver reported mileage. This scope does not include rental vehicles during business event travel.

Waste Reduction and Minimization

Throughout 2019,¹⁰ Rite Aid diverted more than 51,000 tons of recyclable material from landfills through four individual programs.



⁸ This data applies to fuel for the six Rite Aid Store Delivery Fleets that perform delivery functions from the Distribution centers (DCs) to the stores: Perryman, Pontiac, Liverpool, Wilsonville, Woodland, and Lancaster.

⁹ Limited quantities based on availability and rack price.

¹⁰ Waste Reduction and Minimization data reflects either calendar or fiscal, as designated.

Store Recycling Program¹¹

Our store recycling program diverted more than 29,000 tons of cardboard, office paper and other recyclables out of landfills, a 40% increase over last year.

Confidential Trash Recycling Program

Confidential trash at our retail stores: From January-December 2019, Rite Aid accumulated nearly 8,000 tons of confidential information that was securely collected and recycled by Shred-It®/Stericycle®.

Confidential Trash at Our Corporate Campuses¹²

From January-December 2019, Rite Aid corporate campuses accumulated three tons of confidential paper that was securely collected and recycled by Iron Mountain®.

Distribution Center Recycling Program¹³

In addition to our store-level efforts, our Distribution centers recycled roughly 14,000 tons of cardboard.

We estimate that our combined recycling efforts helped us to conserve roughly:

- **471,000 Trees**
- **140,000 Cubic Yards of Landfill Airspace**
- **53.4 million kWh of Electricity**
- **229.5 million Gallons of Water**

In addition, this recycling effort prevented more than 93,200 Metric Tons (MTCO2E) of GHG Emissions.

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 130 tons of pharmaceutical waste in 2019,¹⁴ an 18% decrease over last year.

- **Hazardous pharmaceutical waste: 126 tons**
- **Non-hazardous pharmaceutical waste: 4 tons**

Incinerated waste	56%
Landfilled waste	44%
Recycled waste	0%

¹¹ Store recycling program measured for calendar year 2019.

¹² Corporate campus confidential trash recycling measured in 2019 calendar year.

¹³ Distribution center recycling measured by fiscal year.

¹⁴ Calendar year 2019 data.



Our Sustainable Supply Chain

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

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.



Responsible Sourcing

Responsibly Managed, Forest-Based 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, including 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.

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 time frame:

- **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 that Rite Aid is actively involved in. 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 can choose to 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.

Between 2018 and 2019, Rite Aid selected 50 International factories for audit.¹⁵

- **25 factories were selected for a combined security and social accountability audit**
- **25 factories were selected for a social only audit**
- **33 factories received an overall acceptable rating**
- **18 factories received an unacceptable rating**
(critical or major deficiency discovered)



Product Safety, Quality, Health, and Nutrition

Extensive consumer research in recent months highlighted the tremendous opportunity we have to evolve the Rite Aid brand. We're overhauling our approach to merchandising to align with our broader strategy, curating a product assortment that supports the whole being health needs of our growth target consumers and those for whom they care. We are expanding or shifting to “**better-for-you**” products, with an emphasis on products that promote health and wellness, are better for the environment and create a point of differentiation.

Our merchandising refresh will show a product assortment that is relevant to a broad, multigenerational consumer base, with products that range from clean and holistic skin care, healthy beverages, low in sugar foods, healthy snack alternatives, fresh/refrigerated products, vitamins and supplements, CBD, aromatherapy, natural bath brands, holistic sleep remedies and natural stress reducers.

In line with our strategy, we are building out our assortment of private label “**own brands**.” We recognize consumers are focused more on specific product attributes (such as natural, organic, clean, cruelty free, fair trade and chemical free) and less on overall brand.



By investing in our expansion of a new assortment focused on health, beauty and better-for-you products and enhancing our assortment with a focus on healthier product attributes, we are building the foundation for executing our health and wellness strategy.

- In July 2019, we launched 180 consumable products—including nearly 150 certified organic items—that are free from over 100 undesirable ingredients. These products can be found in over 1400 Rite Aid stores.
- We introduced and continue to expand our Big Win brand “Free From” assortment, which offers consumers high quality, clean ingredient products across the snacking, grocery and household categories.
- We launched the Doll Face cosmetics line in September 2019. The Doll Face line is exclusive to Rite Aid, 100% cruelty free and free of parabens, phthalates, propylene glycol, mineral oil, PABA, paraffin, DEA, triclosan, petrolatum, animal-derived ingredients and harmful dyes.
- We launched our “Free From” vitamin line that includes product attributes such as non-GMO, gluten-free, preservative-free, and others.
- In 2019, we became the first major drugstore chain to completely remove vaping products from our inventory, and we have begun to deemphasize tobacco in our stores. Tobacco will not be a part of the Store of the Future offering. We also continue to actively promote our “Quit For You” program, in which customers and associates can receive one-on-one coaching from a specially-trained pharmacist and develop a personalized smoking cessation plan.

Managing Chemicals of Concern

As we position Rite Aid as a whole being 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.

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.

Since 2018, chemical management has been integrated into our operations in several ways:

Oversight

We formed a chemical policy working group that meets regularly to review supplier compliance, address outstanding issues and to work on program refinement and enhancements. The group consists of several Rite Aid associates, as well as our partners at Underwriters Laboratories (UL) for ongoing collaboration and management. This working group falls under our Corporate Social Responsibility Committee, which provides regular updates to our Board.

Accountability

Our chemical policy has been formally incorporated into our own brand product sourcing process. In addition, we test all new in-scope products to verify that we have independent third-party testing results affirming that the item is free from the eight chemicals of high concern

on our RSL. If a supplier cannot provide independent test results, Rite Aid sends the item out for testing at the supplier's expense.

Screening and Safer Alternative Substitutions

Our focus has been expanded to include additional chemicals that the US retail sector has prioritized for elimination, and now includes 69 chemicals of concern. At this time, our elimination commitment covers the eight chemicals of highest concern, but we are also informally screening new item ingredients against both our expanded list as well as chemicals on the six authoritative and regulatory lists that comprise the BPC stewardship list in anticipation of future program expansion.

Suppliers are instructed to reformulate in-scope items that have been identified as containing chemicals on our RSL and the BPC stewardship list with safer alternatives referenced on the EPA Safer Choice list.

Tracking our Progress

A key element of our policy is our commitment to eliminate eight chemicals of concern from our own brand formulated products by the end of calendar year 2020.

With the help of both our supplier partners and collaboration with Underwriters Laboratories (UL), as of March 2020 we had reached 95% compliance with this commitment. We are confident we will meet our goal by the end of the year.

As part of the annual "Who's Minding the Store?" retailer report card, in 2019, Rite Aid was recognized as the top traditional drug store chain in the US for its removal of harmful chemicals in products sold.

View the retailer report card here:
retailerreportcard.com



Product Sustainability Efforts

We have aligned our activities with other retail sector initiatives that are designed to provide suppliers with consistent guidance about the chemicals retailers believe require special stewardship efforts to meet consumer demand for safer products. Rite Aid joined the multi-stakeholder Beauty and Personal Care (BPC) initiative, and has requested that our suppliers of beauty and personal care products participate in the BPC Product Sustainability Rating System.

In 2019, Rite Aid became a signatory to the Chemical Footprint Project, a program with the goal of reducing the use of chemicals of high concern, and is encouraging our suppliers to participate in the Chemical Footprint Project survey.

2020 Chemical Management Focus

Transparency

Our customers want to feel confident about what is in the products they are using for themselves and their families. In 2020 Rite Aid is focused on promoting more comprehensive ingredient disclosure to consumers and encouraging our suppliers to publicly disclose all intentionally added ingredients both online and on packaging.

We have begun to inform our customers about products that are “free from” specific chemicals of concern, and will promote third-party certifications, such as US Environmental Protection Agency (EPA) Safer Choice products.

Our website has been updated with a number of product attribute filters as part of our efforts to promote our progress in safer chemical management and product transparency. We will continue to promote new and existing attributes for greater transparency as our chemical

policy expands over time.

As we continue to monitor progress on our elimination commitment in 2020, we also are focused on identifying opportunities in chemical management for continuous improvement of our program. This year, we plan to expand our scope further to cover harmful chemicals in food contact materials.

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 expanded the use of SMART Temps technology to roughly 700 stores in order to monitor product temperatures. This system, which was already protecting temperature sensitive medication like vaccines and antibiotics in pharmacies chain wide, electronically alerts field leadership when temperatures exceed safe norms. We are currently in the process of upgrading this system to a second generation. The new temperature probes have a greater sensitivity range to allow refrigerators and freezers in more remote locations to be monitored. All pharmacies also will be upgrading to a second generation monitoring system for temperature-sensitive medications.
- This initiative allows us to better monitor the safety of time temperature controlled foods and temperature sensitive drugs 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 on hand time temperature controlled foods as well as incoming product temperature. These are also utilized to monitor acceptable Food Code hot water temperatures for hand washing and cleaning/sanitizing.

- Company-wide, our store management teams conduct Control Self-Assessments (CSAs) bi-annually that evaluates store-level compliance with food and drug safety/sanitation requirements.
- **For 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 a weekly CSA specifically focused on hand dip food safety and sanitation requirements.
 - **Field 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.
- 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.
- We have multiple food safety and sanitation resources for our stores, including pictorial guides, posters, computer-based training (CBT) modules, videos, hands-on training, etc. to support our program. In 2019, we updated several resources, including new

interactive tiered food safety and sanitation CBTs, focusing specific job responsibilities for store leaders, front end, pharmacy and Thrifty associates to ensure food and drug safety during daily operations. This includes education around the prevention of biological, physical or chemical hazards as well as allergen awareness.

- Store management teams are trained and then scrutinized to become certified food safety professionals through the National Registry of Food Safety Professionals (NRFSP), an ANSI-certified testing organization. In 2019, we increased from 2,500 to 2,865 the number of associates trained in food safety in our organization, with 2,322 earning food safety professional certification. Food handlers also receive third-party remote food safety training to obtain required food handler cards.
- 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.
- 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.



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; in 2020, we will be partnering with Sage Technologies to enhance our recall tracking ability. Members of the management team at our Thrifty Ice Cream plant are all Preventative Controls Qualified Individuals (PCQIs) trained through an

FDA-certified course.

We have also developed a 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**

One member of our Thrifty management team has been trained as a Food Defense Qualified Individual (FDQI) through an FDA certification class and we are in the process of certifying the remaining members of the Thrifty management team. 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.

Food Safety in Supply Chain

Rite Aid requires all Thrifty supply chain vendors to be global food safety initiative (GFSI) or equivalent standard compliant. We are currently partnering with Underwriters Laboratories (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.

We are currently updating our distribution center food defense strategies, which include the installation of x-ray machines and turnstiles at entry points. We are training key members of our asset protection teams to become radiation safety officers in distribution centers where this technology has been implemented. We are also investigating new technologies to improve our integrated pest management protocols including electronic surveillance programs.

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

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.





Improving Health and Wellness

Improving the Health and Wellness of our communities is the essence of our business. This is the mission we aspire to achieve every time a customer walks through our door.

"We are evolving Rite Aid to become a destination for holistic health, where pharmacists are out from behind the production counter and are trained to advise customers on health and wellness beyond just prescription medication."

*Heyward Donigan,
President and CEO*



Improving Health and Wellness at Rite Aid Pharmacy

Patient Health Outcomes

In today's evolving healthcare landscape, Rite Aid is focused on improving efficiency and leveraging technology to balance workload in our stores so that our pharmacists have more time for patient care and counseling.

Dispensing Whole Health Guidance

Our pharmacists are a valuable and accessible extension of our consumer's health care team.

- **90% of consumers trust their pharmacists as their health care advocates.**
- **98% of our own Rite Aid pharmacists indicate they would like to spend more time with consumers.**
- **We engage with consumers on average upwards of 25 to 30 times per year, which is 12 to 15 times more than they engage with their primary care physician.**

Our 6,400 pharmacists are our greatest resource and are being repositioned as whole health advocates by enhancing their traditional role around dispensing to a broader role—working at the top of their license—encouraging a holistic approach to health. We will empower them to be front and center and act as a whole health advocate for our customers.

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.

Our pharmacists are educated to know what additional and alternative treatments can be leveraged in lieu of or in addition to traditional medications. 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 on 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.

“By empowering our pharmacists as whole health advocates who are truly passionate about their mission, we can enable our consumers to improve health and wellness every day.”

***Jocelyn Konrad,
EVP and Chief Pharmacy Officer***

Improving Access to Our Pharmacists

Today's pharmacist are spending about 70-80% of their time on non-consumer-facing activities. Our overall goal is to flip this so they are 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.

As part of our new strategy, we are enabling 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 will allow our pharmacists to spend significantly less time in the production area as we re-engineer 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.

Since the launch of the program, we've expanded our footprint from three states to nine, filling about 175,000 maintenance prescriptions per week. We are working to incorporate two additional states going forward.

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.

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. Rite Aid leverages several back-end artificial intelligence tools that determine which opportunities populate the Rite Care platform. This technology allows our pharmacists more time to engage with their patients and holistically address their individualized healthcare needs.

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

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 Medication Therapy Management (MTM) programs, to utilize platforms that identify eligible patients, assess appropriate interventions and document care.

In 2019, Rite Aid was ranked 3rd in large chain overall performance for Medication Therapy Management Services by OutcomesMTM.

In addition, Rite Aid placed 2nd overall and was recognized as most improved for our performance in the “OutcomesMTM-Humana AIM for the Stars” challenge.

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 2019, Rite Aid pharmacists completed over 589,000 MTM claims to support the health and wellness of our patients. This is a nearly 36% increase from the number of claims completed in 2018.



In addition to the Rite Care and Medication Therapy Management (MTM) Programs, we also utilize the following additional tools to improve adherence:

- **90-Day Prescriptions** (Medicare D):

Studies have shown that switching a patient to 90-day fill can raise adherence rates over 20%. In 2019, Rite Aid increased 90-day dispensing in Medicare Part D patients by 14%.

- **Predictive Refill Enrollment** (Medicare 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 2019, Rite Aid had a 10% increase in predictive refill usage by Medicare Part D patients.

- **Rx Notifications:**

Enrolling a patient in prescription notifications also adds to workflow efficiencies and higher customer satisfaction. The tool also can be utilized to increase adherence. Rite Aid identified a 7% increase in prescription notification enrollment by Medicare Part D patients.

- **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 is adding a compliance packaging option in 2020.

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 was 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 300 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 nearly 500 consultations related to contraceptive prescribing.

- **Point of Care Testing**

- Our pharmacists in 43 pharmacies in Idaho, Michigan and Washington perform independent testing to diagnose and treat patients for Group A Streptococcal and Influenza. The plan for 2020 includes expanding to more stores in geographies with favorable regulations to do so.
- Our pharmacists have performed influenza and strep tests on nearly 300 patients over the last year.
- 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.

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 more, 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.

The Rite Aid teams coordinated and hosted more than 15,000 off-site immunization clinics in Fiscal 2020. These clinics were held at locations ranging from local businesses to senior centers and health fairs. The efforts of these clinics allow Rite Aid to protect the communities we serve. Rite Aid pharmacists administered roughly 412,000 influenza vaccines at our off-site clinics.

Our immunization program continues to grow because of our efforts. This year, Rite Aid will be recognized at the American Pharmacists Association (APhA) annual meeting with an honorable mention award for Corporation/Institution Immunization Champion.

In Fiscal 2020, Rite Aid protected over four million patients by administering immunizations. This was an increase over the previous year of more than 300,000 influenza vaccines and over 850,000 total immunizations.

Patient Safety

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.

Through incident identification, use of root cause analysis, creation of action plans for future improvements, and implementation of ongoing education, counseling and follow up, in 2019 we reduced our claim rate to 0.37 claims per million prescriptions, a 14.2% reduction from the prior year.

Improvements in the data entry process have enabled searches to become more specific, further increasing accuracy in medication selection. Our filling process has been improved to allow only 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 technological assistance to employees filling medications.

Advances in technology have allowed us to coordinate the usage of a proprietary clinical review tool to assist in safe dispensing of controlled substances for our patients. 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 a medication until they have had

the opportunity to personally speak with 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 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 raise awareness about important issues of prescription drug safety and drug abuse prevention, as well as 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:¹⁶

Installed: More than 630 safe medication disposal kiosks installed in local law enforcement facilities through The Rite Aid Foundation "Safe Medication Disposal" programs. 100 safe medication disposal kiosks are available in select Rite Aid stores.

Removed: Over 910 tons of unused medications from homes through DEA National Take Back Days in 2019.¹⁷

Distributed: Over 163,000 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 77,000 Naloxone Prescriptions.

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

¹⁶ Numbers reflect status as of February 20, 2020.

¹⁷ This program is facilitated through the DEA and is not exclusive to Rite Aid.

Rite Aid was the first drugstore chain to offer DisposeRx, a first-of-its-kind 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 163,000 packets to assist our patients in responsible, safe drug disposal of their unwanted, unused medications.

"While there's no single solution to the opioid crisis, practicing safe medication disposal is an important and significant step we can all take. Rite Aid pharmacists, as medication experts and one of the most accessible healthcare providers, are well-positioned to engage with their patients on this important topic."

***Jocelyn Konrad,
Executive Vice President,
and Chief Pharmacy Officer***

2019 Milestones

June

We placed 100 medication disposal units in select Rite Aid pharmacies as part of our comprehensive strategy to address drug abuse and misuse in the country. 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.

July

More than 550 medication disposal units in local police stations across the nation became searchable on Google Maps, making it even easier for people to safely dispose of unneeded or unwanted medications.

July

Rite Aid completed the successful implementation of NarxCare in 12 of their 18 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.

September

Rite Aid announced all stores were listed on the Naloxone locator tool in Google Maps.

December

Rite Aid established full electronic capabilities to order Schedule II Controlled Substances through a streamlined Controlled Substance

Ordering System (CSOS). CSOS enables efficient Schedule II Controlled Substance ordering by reducing the need for paper DEA Forms 222 and the amount of Schedule II Controlled Substances that pharmacies maintain in the store. Reduced controlled substance inventory may result in a decreased risk of diversion and improve both associate and customer safety.

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 stickers 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

Rite Aid supports legislation that is consistent with the CDC guidelines for prescribing opioids. This includes limiting acute opioid prescriptions to a seven-day supply, limiting the daily dosage of opioids dispensed based on the strength of the opioid, and requiring the use of immediate release formulations of opioids before extended release opioids are dispensed. We train our pharmacists to communicate the CDC guidelines to patients during the dispensing process.

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.

We also participate in prescription drug monitoring programs, including a "red flag" process for pharmacists to regularly review 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.

¹⁹ Since 2017.

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 medications.²⁰ 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 override reason if the patient is attempting to fill the prescription more than 48 hours before the refill date.
- Prompts are in place to alert the pharmacist to check the state PMP program as regulations require under certain scenarios such as opioid benzodiazepine combination use.
- 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 all 12 of 18 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.

“NarxCare is another efficient and effective solution to help our pharmacists make responsible dispensing decisions, while mitigating possible controlled substance misuse or abuse. The integration of NarxCare and PDMP information into our pharmacist’s workflow empowers them to focus more on building relationships with patients and improving health and wellness across the communities they serve.”

*Zack Hicks,
Pharmacy Compliance Manager at Rite Aid*

²⁰ 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.

Improving Patient Access, Affordability and Health Outcomes

Making sure patients 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—patients and payers. Elixir's services include:

- **Pharmacy benefit management (PBM) services**
- **Mail and specialty pharmacies**
- **Commercial and Medicare-approved prescription drug plans**
- **Fertility drug discount programs**
- **Prescription drug savings on FDA-approved drugs for under and uninsured patients**
- **End-of-life pharmacy care**
- **A PBM technology platform**

Expanding Access to Coverage

More than 20 million patients rely on the pharmacy benefits and services of Elixir. Throughout the United States and Puerto Rico, we help employers and commercial and government-sponsored health plans 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. Regardless of whether our members are looking for a low premium plan, or if they are on a government subsidy, our plan offers a large pharmacy network that includes not only Rite Aid, but also competitive retail chains and many small, independent pharmacies. Our benefit design includes 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 and \$0 for a 90-day supply delivered to their home.

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 patients need. Patients 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 and uninsured. To help make medications more affordable to these patients, 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. Many of these “lifestyle” drugs have a significant impact on patient quality of life and can improve other chronic conditions like diabetes, hypertension and high cholesterol. With our prescription discount program, patients have more affordable access to these medications. Likewise, for those struggling to conceive, we also offer a fertility discount program, helping people start or expand their families.

Improving Health Outcomes

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

As a part of our pharmacy benefits and services, we help payers and patients by providing a common-sense clinical approach to formulary and benefit design that considers specific disease states, target populations and the efficacy of drug options available. While having the clinically appropriate controls in place is important, in the real world, you have to consider each individual patient and whether they have easier-to-manage or more complex conditions.

Addressing The Unique Needs of Specialty Medications and The Patients Who Rely on Them

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

When patients are utilizing specialty medications, many PBMs simply turn over care to the specialty pharmacy. Our focus is to truly integrate with “best-in-class” specialty pharmacies, whether our own or another elite partner. Our joint care management team shares claims history and prior authorization status to better identify care gaps, duplications of therapy, contraindications and more. This delivers truly coordinated care, engaging both patients and providers, improving health outcomes and ensuring the most cost-effective therapies.

Our care model focuses on spending more time per patient 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 patients resolve therapy hurdles. Our proprietary, high-touch model is proven to increase patient confidence in their therapy and adherence rates, producing the lowest abandonment rates in the industry.

A Balanced Approach to Utilization and Therapy Management

Our balanced clinical approach gets patients the right drug, at the right time, at the best cost. Sometimes, it's important to cover a drug that is a higher cost simply because it's the most clinically appropriate medication available for the condition. There also may be situations where it's more important for patients who are already at "stable state" to continue using a medication rather than requiring a change to a new drug. New-to-therapy patients can take advantage of breakthrough or lower-cost options such as biosimilar medications.

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 patient profiling and analytics, we detect instances of inappropriate drug therapy and provide intervention to support better health outcomes.

Changing Patient Behavior

Getting patients 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 patients, managing the disease is overwhelming and they don't understand the importance of taking their medication. They might feel fine and stop taking the 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 patients and identifies those with gaps in care and adherence. Our Care Navigators, which include clinical pharmacist and registered nurses, use this data to engage patients 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 patients 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 a decrease in hospitalizations, A1C reduction and overall health cost savings.



Protecting Patients and Payers 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 patients. Our pain management programs focus on patient 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 CDC and the Centers for Medicare and Medicaid Services (CMS). We identify members obtaining potentially harmful opioid dosing and implement case management protocols for identified members. In determining qualification criteria, our fully independent Pharmacy and Therapeutics (P&T) committee utilizes the suggested starting thresholds from CMS and includes several additional qualifiers, resulting in robust screening criteria with a focus on early intervention.

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

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 2019:

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 2 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-four percent of all Health Dialog clients participate in one of these programs, an increase of 200 basis points over last year, and there are active plans in place to continue growing enrollment even higher.²¹



²¹ Calendar year 2019 data.



Community Involvement

At Rite Aid, our mission is to improve the health and wellness of our communities through engaging experiences that provide our customers with the best products, services and advice to meet their unique wellness needs. This is true both within and beyond our store walls.



The Rite Aid Foundation—Being Caring Neighbors in the Communities We Serve

Whether it's supporting vital after-school programs, therapeutic centers or the Boys & Girls Club just down the street, The Rite Aid Foundation empowers children to lead healthy, productive lives.

The foundation's KidCents program annually supports a select group of nearly 500 nonprofit, kid-focused organizations committed to improving the health and wellbeing of children living in the communities Rite Aid serves.

Members of Rite Aid's loyalty program, **wellness+rewards**, can round up their in-store and online purchases to the nearest dollar and donate their change to **KidCents**. The program focuses on three central areas: improving the health and wellbeing of children, championing education and academic growth and creating a safe environment for kids to live and grow.

In addition to its community-level support, The Rite Aid Foundation also contributes to national organizations focused on critical children's issues, including The Fred Rogers Company, Children's Miracle Network Hospitals and Folds of Honor. The Rite Aid Foundation was established in 2001 to help us deliver on our core value of being a caring neighbor that gives back to the communities and cities it serves in meaningful ways. Since its inception, the foundation has awarded more than \$68 million to nonprofit organizations

To make the greatest impact possible, The Rite Aid Foundation focuses on three core areas for charitable giving within our communities:

- Children's health and wellbeing
- Special community health and wellness needs
- Rite Aid's own community of associates during times of special need

"We are immensely grateful for the tremendous support of The Rite Aid Foundation in helping us expand our ongoing partnership with the parents of Azusa students in providing them the tools to thrive. This grant will enable hundreds of children and youth to participate in our after-school programs where, together with their parents, we believe their futures are being rewritten-one graduate at a time."

*Jennifer Hicks,
Executive Director, Neighborhood Homework House,
Azusa, California*

Creating a Safe Environment for Children to Live and Grow

Prescription drug abuse and misuse is a growing issue that poses a serious threat to the health, safety and wellbeing of our nation's young people. The Rite Aid Foundation has implemented several initiatives to address the prescription drug and opioid epidemic.

The Rite Aid Foundation reached nearly 13,000 students as it expanded its partnership with EVERFI, the nation's leading education technology innovator, to bring the Prescription Drug Safety program to communities Rite Aid serves.

- The digital course focused on prescription drug abuse prevention for high school students is part of a three-year, \$1.7 million commitment from the foundation's KidCents program.
- To date, the program has been activated at 181 schools and is projected to reach 429 schools by the end of the 2019-2020 academic year.

Continuing its comprehensive strategy to address prescription drug abuse and misuse, Rite Aid and The Rite Aid Foundation also expanded and improved access to KidCents Safe Medication Disposal units.

- **2017**

The Rite Aid Foundation launched the KidCents Safe Medication Disposal program to provide law enforcement agencies in communities served by Rite Aid with free medication disposal units for individuals to safely dispose of expired or unwanted prescription and over-the-counter medications.

- **2019**

The Rite Aid Foundation expanded the project to 19 states and partnered with 540 law enforcement agencies to make more than 630 units available to customers and communities.

"Educating our students must include addressing the challenges and real-world issues they face in their daily lives as members of our community, including prescription drug abuse and misuse. This innovative new program will enable us to prepare our students to make smart, healthy decisions about prescription drugs and empower them to be part of the solution to combating this epidemic."

*Dr. Paul Coakley,
Superintendent, Centennial Public Schools,
Portland, Oregon*

Championing Education and Academic Growth

Kicking off another three-year, \$6 million commitment to Folds of Honor, The Rite Aid Foundation selected nearly 400 students to receive scholarships that position them for future academic growth and give hope to military families for better lives and better futures.

This new three-year commitment marked The Rite Aid Foundation's third contribution to Folds of Honor, a nonprofit organization that provides educational scholarships to children and spouses of fallen or disabled service members.

The 2019 scholarships totaled more than \$1.9 million and were funded through KidCents contributions. Since 2015, The Rite Aid Foundation has supported more than \$9 million worth of scholarships for Folds of Honor.

“Making Miracles Happen” Through Support of The Children’s Miracle Network Hospitals

Rite Aid continued a quarter-century of support for Children’s Miracle Network Hospitals, raising and donating more than \$5.3 million for children’s hospitals in Rite Aid communities in 2019.

Thanks to Rite Aid associates, our customers, suppliers and partners, the milestone 25th annual Miracle Balloon Campaign raised about \$3 million for more than 80 Children’s Miracle Network Hospitals across the country. The funds helped provide critical care and supported the purchase of life-saving medical equipment.

“Folds of Honor could not ask for a more dedicated partner than The Rite Aid Foundation.

We are extremely grateful for their tremendous support and commitment to our cause over the last four years. The Rite Aid Foundation and Rite Aid's associates across the nation have taken on our mission as their own and worked tirelessly to honor the sacrifices made by our service men and women, and their families.”

*Lt. Col. Dan Rooney,
Founder, Folds of Honor*

The Rite Aid Foundation also expanded its partnership with Children’s Miracle Network Hospitals through a new KidCents Grant Program that awarded \$2.3 million to 20 hospitals across the nation. The grants awarded to children’s hospitals in targeted communities ranged from \$49,000 to \$300,000 and supported special medical camps, science education outreach programs, Safe Sleep Kits for at-risk families and more. **The program earned the Rite Aid Foundation a nomination for the prestigious Halo Award’s Best Social Service Initiative.**

“We want to thank The Rite Aid Foundation for this incredible gift to fund medical camps for Penn State Children's Hospital patients. With this donation, we will be able to send more than 250 kids to 11 camps next summer. These specialized camps provide kids a week without limits. Whether kids have a ventilator, battle a heart condition, or deal with a behavioral challenge, these campers have the chance to swim, rock climb and meet new friends who are just like them in an environment that is medically safe. Rite Aid's increased support of camps is such a meaningful way to celebrate the company's 25-year partnership with Penn State Children's Hospital. Thank you for giving kids the gift of growing up!”

*Deborah Berini,
President, Penn State Health Milton S.
Hershey Medical Center,
Hershey, Pennsylvania*

Improving the Health and Wellbeing of Children

As part of its ongoing efforts to address critical children's health and wellbeing issues in the communities it serves, The Rite Aid Foundation awarded 233 nonprofit grants, totaling more than \$5 million, through its KidCents Regional Grant Program. The program funded specific out-of-school time programs focused on children's nutrition, physical fitness and academic success.

Grants of \$15,000-\$30,000 supported projects including an Everett, Washington, after-school club, an after-school strength and conditioning program for Detroit youth and Full STEAM ahead activities improving students' attitudes toward technology in Philadelphia and more.

Also in 2020, The Rite Aid Foundation announced its largest class of KidCents charities ever, growing the program to 481 nonprofits and welcoming them with more than \$2.4 million in collective grant funding. That built upon the more than \$2 million awarded to KidCents charities during the Foundation's 2019 Full of Thanks Holiday Program.



Disaster Relief Funds Help California Communities Recover Following Wildfires

With more than two dozen wildfires raging throughout California in the fall of 2019, The Rite Aid Foundation contributed \$75,000 to the American Red Cross Los Angeles and Northern California Coastal regions. The donation supported the Red Cross's efforts to provide shelter, food and emotional and recovery support to impacted families.

"We appreciate compassionate supporters like The Rite Aid Foundation whose donation is enabling the Red Cross to provide shelter, food, and emotional and recovery support to families impacted by this year's wildfires."

*Elizabeth Penniman,
Vice President of Communications,
American Red Cross*

Relief Fund Supports Associates in Need

During Fiscal 2020, the Rite Aid Associate Relief Fund donated \$231,500 to associates in need, providing assistance related to medical issues, financial assistance for house/apartment fires and home displacement due to natural disasters.

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**



Our Sustainable Workplace

Our associates make it possible for us to fulfill our mission of improving the health and wellness of our communities. Whether it's in our stores, field management offices, distribution centers or corporate locations, we work to create an inclusive environment where our associates feel safe, respected and valued at all times.



Workplace Wellness

As a company focused on health and wellness, we believe it's paramount to prioritize our associate's well-being while at work. We promote a diverse and respectful culture focused on health, safety and personal growth across our entire enterprise.

Tobacco Free Campuses

Effective March 1, 2020, all Rite Aid operated corporate locations implemented a smoke and tobacco free policy in an effort to protect and encourage our associate's well-being at work. The policy prohibits smoking and tobacco use in all areas of the corporate office facilities, including parking lots and garages.

We remain committed to assist associates who desire to quit smoking by providing options available through Rite Aid, including:

- **Drive to Quit**

Work with a health coach and create a plan to help you successfully quit. This is available to all Rite Aid associates participating in our health plan.

- **Quit for You**

Receive one on one coaching from a specially trained Rite Aid pharmacist and develop a personalized quit smoking plan. This is available to all associates and customers.

- **EAP Program**

Receive emotional support and references on how to quit smoking over the phone.



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 worker's compensation claim counts in each of the last **five years**, and reductions in general liability/customer claim counts in each of the last **six years**.



Benefits

At Rite Aid, we are committed to the wellbeing of our customers and our associates. To show our commitment to associate wellbeing, we provide benefits that deliver quality health care coverage that encourages wellness and prevention, a retirement plan with a generous match and financial education resources, and various time away options to allow for recharge and recovery.

We understand the importance of associate wellbeing and support the building blocks of wellness: physical health, financial health, and personal health. Each year, the Rite Aid Benefits program is evaluated to ensure our offering is comprehensive and competitive.

Rite Aid's healthcare and benefits are managed by the corporate benefits team. We offer a comprehensive benefits package to associates working 30 hours per week on average.

The package includes the following:

- **Medical, prescription drug, dental and vision coverage**
- **Employer contribution to a health reimbursement account**
- **Flexible Spending Account**
- **Health and wellness tools such as health coaches, activity trackers, and educational materials**
- **Supplemental insurance options such as accident, illness, hospital and legal**
- **Life and Accident insurance, including supplemental options**
- **Short Term and Long Term Disability Coverage**
- **Employer match of contributions to 401(k) defined contribution retirement account**
- **Paid time off and holidays**
- **Employee Assistance Program (EAP)**
- **Tuition Reimbursement**
- **Employee Discount**
- **Fitness membership discount**
- **Commuter benefits**
- **Auto, homeowners and pet insurance**
- **PerksCard discount program**
- **Computer purchase, vehicle, mortgage and identity theft protection programs**



Recognition

Rite Aid strives to create a work environment that is mutually respectful. We value a culture of recognition, appreciation and praise and want to celebrate our associate's success.

We formally recognize our associates' service anniversaries for every five years of service. In addition, our associates recognize each other through an application called APPLAUSE, via our intranet portal or mobile app. Praise and appreciation is displayed on a public recognition wall for visibility across the company. APPLAUSE allows associates to recognize each other by selecting from 20 different behaviors or activities, such as work promotions and anniversaries, practicing safety, working with a sense of purpose and urgency, projecting a positive image and energy, and much more. In 2019, our associates submitted nearly 150,000 recognitions through APPLAUSE.



Training and Development²²

Rite Aid provides an environment that inspires and motivates our associates to reach their fullest potential through personal and professional development. We dedicate ourselves to creating a valuable learning experience for all of our associates that is exciting and engaging through various learning opportunities.

In fall 2019, Leadership Academy launched for corporate associates to teach the “soft skills” that impact how people work together. Our current focus includes change management and leadership development.

Over the course of six months, we offered 12 courses that included 180 participants and approximately 59 hours of training. Examples of the courses provided in 2019:

- Embracing Change
- Skillful Conversations
- The Benefits of Feedback
- Thinking Fast



Field Training

In Fiscal 2020, our field associates (all store associates and field leaders) completed more than 1.8 million computer-based trainings, or totaling over 340,000 hours of learning. Key trainings include:

- **Pharmacy Technician Training / Pharmacy Technician University**
- **New Hire Pharmacist Training**
- **Pharmacists Continuing Education Courses**
- **Pharmacy Technician Continuing Education Courses**
- **Rite Care**
- **Naloxone**
- **Flu Awareness Campaign Videos**
- **Management Development Program**
- **Shift Supervisor**
- **Field Leader Onboarding**
- **Annual HIPAA training (Reinforcement of Rite Aid's security measures to ensure sensitive health information remains private and confidential)**
- **Anti-Money Laundering Training (Preventing our customers from becoming victims of fraud)**

Rite Aid also offers a virtual learning platform for Field Leaders & Corporate Associates, referenced as LEAP: Learn, Experience, Achieve, and Perform. The tool is designed for self-paced development through learning channels such as audio books, videos, articles, and instructor led classes. In Fiscal 2020, 847 of our associates utilized this virtual library and spent nearly 3,000 hours learning.

Top accessed topics:

- **The Confidence Effect: Every Woman's Guide to the Attitude That Attracts Success**
- **Lean: Foundations and Principles**
- **Expert Insights on Accountability**
- **Forming New Habits**
- **Gaining a Positive Perspective on Feedback**

Continued Education

Rite Aid partners with DeVry University, University of Phoenix, Colorado Technical University and Capella University to bring our associates discounted degree programs from accredited universities.

In 2019, the 106 associates participating in this program saved more than \$193,000. These discounted programs are available to all Rite Aid associates.

Training in our Distribution Centers

Rite Aid launched a two-day leadership program called Cornerstones of Leadership for Distribution Center Leaders in December 2019 and successfully graduated 124 leaders—or 59% of the leadership population—from the program. An additional 37% of our leadership population has completed the first day of the program and will graduate in the near future. The total investment in this program to date totaled 2,670 hours.

Sustainability through LEAN Training—Unleashing the human potential of 50,000 problem solvers to deliver customer value

“By implementing LEAN across our organization, we could free up hundreds of millions of dollars of working capital and human potential.”

*Heyward Donigan,
President and CEO*

In 2019, we announced plans to implement LEAN training across the organization. The LEAN method has been used by companies worldwide to build a culture of continuous improvement. LEAN is a transformative approach to problem solving that empowers those on the front lines to apply their experience and knowledge to improve and standardize processes and procedures. Front line engagement will result in continuous improvement of the processes that, in many cases, can have a direct positive impact on customers.

We’ve begun LEAN leadership training that we will be cascading down through the organization and have created two working groups with representation from all levels of the company that are focused on two key company initiatives.

Over the next two years, Rite Aid will conduct LEAN training for every associate across the enterprise on a journey to empower 50,000 Rite Aid problem solvers.

Labor Practices

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 2019. 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 over 91% of the total associate population makes more than the mandated minimum wage. The breakdown is 90% and 95% for store and distribution center associates respectively.

Turnover

Our store associate turnover is 45%:

- **36% voluntary turnover**
- **9% involuntary turnover**

Union Membership

- **36% of our workforce is unionized**
- **48% of all stores are under collective bargaining agreements**
- **38% of distribution centers are under collective bargaining agreements²³**

²³ Labor Practice data reported for calendar year 2019.



Diversity and Inclusion

Rite Aid is an equal opportunity employer and is committed to a diverse work environment where individual differences are appreciated and the dignity and potential of each associate is respected.

Over the past year, we have seen growth in our female associate population in both management and non-management roles. Our total female population grew 50 basis points to 67.0% at the end of the year. Our female management representation increased 110 basis points to 50.2% and increased across every business category (Corporate, Field, Store and Supply Chain). Additionally, our nine-member Executive Leadership Team contains three female leaders, including our CEO.

We celebrate the fact that our store associates are as diverse as the communities we serve, and our pharmacists and pharmacy staff represent the patients they counsel and serve.

Overall, associates from diverse backgrounds accounted for 44.3% of our workforce at the end of the year, an increase of 80 basis points from the prior year. Diversity among our management ranks grew to 33.8%, an increase of 150 basis points.



Women's Leadership Network

In 2018, Rite Aid created the Women's Leadership Network (WLN) for Corporate Associates, focused on attracting, developing, inspiring and retaining female talent. The network is led by an advisory board with representation from women across diverse departments within the company. The group officially launched in 2019 and has since held six events, such as a Women of Influence panel discussion, professional clothing drive for Dress for Success, participation and fund raising in the American Heart Association Heart Walk, and more.

The mission of the Women's Leadership Network is:

- **Supporting growth within all roles as well as movement into roles of increasing responsibility and influence.**
- **Providing an open and trusting environment that encourages the sharing of ideas and experiences.**
- **Enabling and inspiring confidence to reach personal and professional goals.**
- **Promoting health and wellness of our associates, customers and communities in support of Rite Aid's mission and vision.**

In 2020, the WLN will expand to reach our field associates as well.

Managing Data Security and Privacy

Our Commitment to Securing Data

In today's world, data security and privacy is an 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 comprehensive 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.

Our Information Security 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.

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 Protected Health Information during Fiscal 2020. As a result, we incurred no Rite Aid system-related direct expense or remediation cost.

About This Report

This is Rite Aid Corporation's second annual Corporate Social Responsibility (CSR) Report. It provides insight on the company's social and environmental endeavors and related performance data for Fiscal 2020 (March 3, 2019-February 29, 2020), 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.

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:

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

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

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 2020 report appears in the table below. Based on our assessment, we concluded the issues of greatest importance to our company and our stakeholders fall into five main pillars: Environment, Health and Wellness, Supply Chain, Community and Workplace.

with internal subject matter experts, we believe this report accurately represents our CSR endeavors for Fiscal 2020. The report was reviewed and approved by Senior Management prior to its release.

Environmental	Social	Social cont.
Energy Management, Fleet Fuel & Carbon Emission	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	
	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

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

Social Responsibility Program Manager

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 2020
Corporate Social Responsibility (CSR) Report**