

**We Are
Building a
Healthier
Next
Generation.**



Rite Aid Fiscal 2019

CORPORATE SOCIAL RESPONSIBILITY REPORT

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Who We Are

Our Core Values

We are dedicated to providing value to both our customers and our investors by striving to meet these core values:

- Passion for Our Customers
- Caring Neighbors
- Associate Development
- Commitment to Diversity
- Winning through Teamwork
- Accountability
- Integrity in All We Do
- Value for Our Stakeholders



Our Vision

Customers confidently choose us first for their everyday health and wellness needs because we consistently understand and exceed their expectations.

Our Mission

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 needs.

Our Operations

- Headquarters: Camp Hill, Pennsylvania
- 2,466 retail pharmacies located in 18 states¹
- 51,000 associates
- 8 Distribution Centers
- 1 Pharmacy Central Fill Facility
- 1 Thrifty Ice Cream Plant

Our Wholly Owned Subsidiaries:



RediClinic operates retail clinics staffed with board certified nurse practitioners and physician assistants, who are 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. We operated a total of 65 RediClinics at the end of fiscal 2019. We have owned 100% of RediClinic since 2014.



Health Dialog provides healthcare coaching and disease management services to health plans and employers. Health Dialog provides these services using a call in line staffed by nurse practitioners and through an on-line platform. We have owned 100% of Health Dialog since 2014.



EnvisionRxOptions provides a comprehensive suite of pharmacy benefits and services, including both transparent and traditional PBM options through its EnvisionRx and MedTrakRx PBMs; EnvisionPharmacies, a mail order and specialty pharmacy; EnvisionInsurance, a prescription discount program for under and uninsured patients; and Laker Software, a claims adjudication platform. We have owned 100% of EnvisionRxOptions since 2015.

¹Reflects current store count as of June 3, 2019

Corporate Governance

Our Board of Directors

The members of our Board of Directors are dedicated to serving the interests of our shareholders. A majority of the members of the Board of Directors are independent under the Company's independence standards. We have added five new independent directors to our nine member board in the past year. Through the Board refreshment process, the Board has increased the racial and ethnic diversity on the Board, with almost half of the Board being racially and ethnically diverse. The Board also made gender diversity a priority as part of its most recent phase of its refreshment, resulting in one-third of our Board being women. The appointment of our

newest members reflects the continuation of Rite Aid's commitment to refresh our Board.

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 in order to reinforce our commitment to ethical business practices. Our code not only applies to Rite Aid associates and our Board of



Directors, but also to our suppliers and other companies with which Rite Aid works.

You can view our code of ethics here:

<https://www.riteaid.com/corporate/governance/code-of-ethics>

Governance in Corporate 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 comprised 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 comprised in this report was reviewed and approved by the Audit Committee of the Board of Directors.

Our Social Responsibility Committee has representation from the following areas:

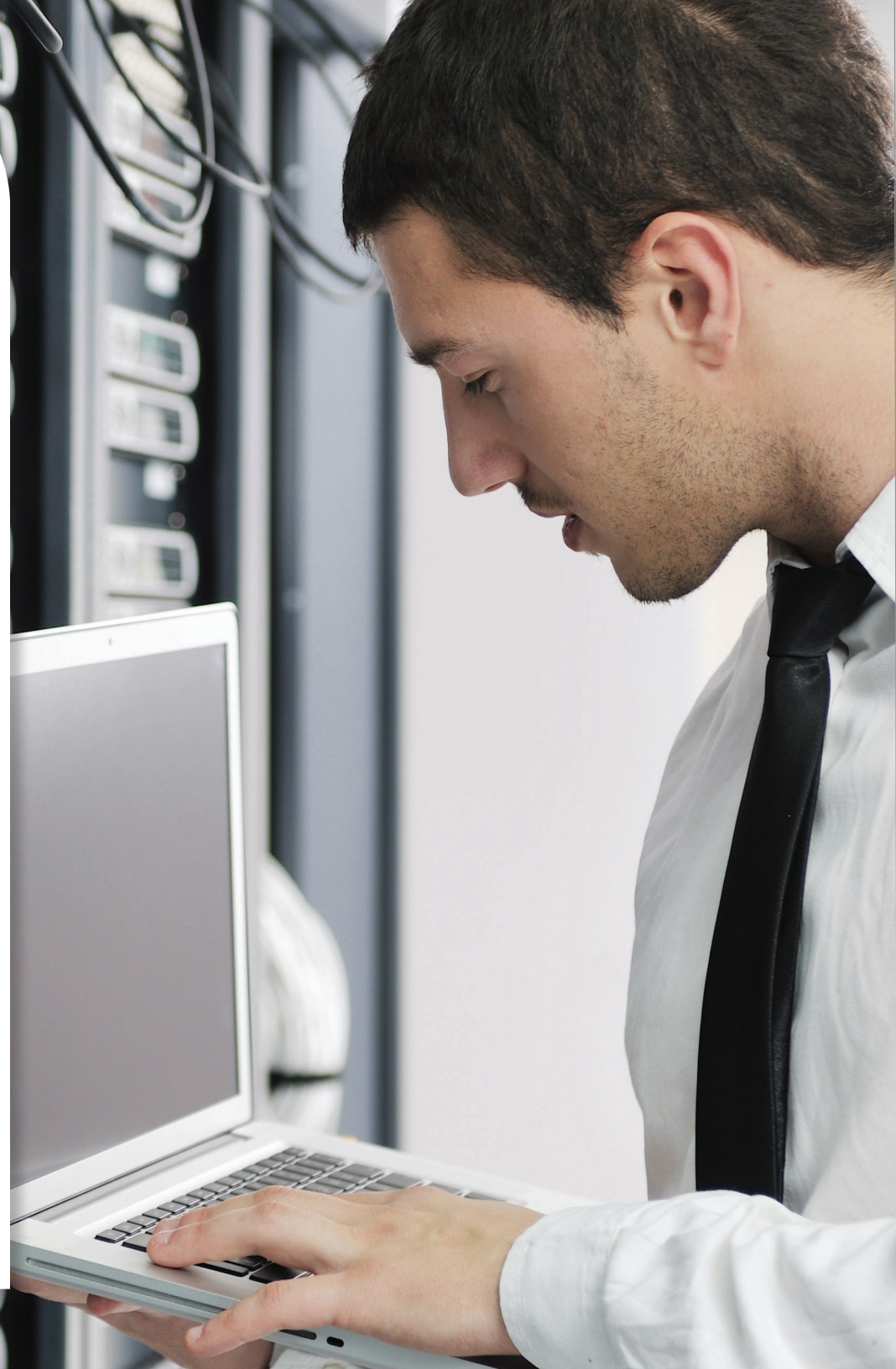
- Human Resources
- Finance
- Store Planning
- Investor Relations
- Legal
- Risk Management
- Marketing/Brand Development
- Pharmacy Operations
- Communications/Public Relations
- Internal Assurance Services & Compliance



Information Security Spotlight: Managing Data Security Risk

Our commitment to securing data.

In today's world, data security is a vital expectation. Rite Aid has a comprehensive information security program, 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.



The Company's 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.
- Facilitates the Company's compliance with the Health Information Technology for Economic and Clinical Health (HITECH) law.

We are committed to protecting our associates, partners, clients and customers from damaging acts, whether intentional or unintentional. 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.

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 Rite Aid system data security breaches involving Personally Identifiable Information or Protected Health Information during fiscal year 2019. As a result, we incurred no Rite Aid system related direct expense or remediation cost.

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.



Environmental Sustainability: Responsibly Managing Energy and Waste

We believe adopting environmentally sustainable business principles is a conscientious decision, one that has been integrated into our core vision, social purpose and overall aspirations to improve the health and wellness of our communities. Over the past five years, we have made significant investments in energy efficiency and waste reduction initiatives. It is our belief that when we as a company work to conserve resources, we are serving both our communities and our shareholders.



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 performances across our footprint.

Here are just a few of the ways we are striving to be more energy efficient:

- 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 18 million kWh.**

To date, we've installed LED lighting in nearly 20% of our stores, and we plan to add another 200 stores per year going forward.

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.**

- By implementing industry best practices, we completed a redesign of our Thrifty Ice Cream Plant in El Monte, California, which included upgrades to a safer, low pressure ammonia refrigeration system, lighting and HVAC systems. These best practices have resulted in an annual decrease of eight million kWh. **This equates to approximately seven million pounds of CO₂e removed from the atmosphere.**
- In 2015, we installed a 1098 kW solar system at our Distribution Center in Lancaster, California. **This solar system produces 30 percent of the location's power needs, producing 2.3 million kWh of electricity annually.**

Rite Aid utilizes best in class architectural and engineering design firms that employ Building Council LEED accredited staff in developing our new store designs. Newly opened stores as well as 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 that create an airlock to minimize heat transfer into and out of the store as customers enter and exit.
- Light-colored single-ply roofing to reduce heat gain in the summer, resulting in reduced demand for air conditioning.
- Suspended acoustical tile ceilings are being utilized to reduce the amount of conditioned store space, thereby decreasing energy consumption.
- New stores utilize a reduced 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 percent 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 5 years.
- 95% 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 contracted with an EMS management company to better manage our EMS and implement energy efficiency projects.

Over the last 3 years, we have seen a steady decrease in energy consumption in our retail stores¹



YEAR	2016	2017	2018
Total Energy Consumed (kWh)	733,826,916	723,588,347	714,795,286
Percentage Grid Electricity (%)	100%	100%	100%
Percentage Renewable (%)	0%	0%	0%

¹ On a comparable store basis.

Waste Reduction and Minimization

Throughout 2018³, Rite Aid diverted more than 148,000 tons of recyclable material from landfills through three individual programs.

Store Recycling Program

Our store recycling program kept 21,028 tons of cardboard, office paper and other recyclables out of landfills. We estimate that this recycling effort helped us conserve the following resources:

- **243,674 Mature Trees Were Saved**
Representing enough saved timber resources to produce 4,142,457,800 sheets of printing and copy paper.
- **79,862 Cubic Yards of Landfill Airspace**
Enough airspace to fulfill the annual municipal waste disposal needs for 103,000 people.
- **35,514,236 Kw-Hrs of Electricity**
Enough power to fulfill the annual electricity needs of 3,400 homes.
- **132,124,174 Gallons of Water**
Represents enough fresh water to meet the daily fresh water needs of nearly 1.8 million people.

In addition, this recycling effort prevented 68,034 metric tons (MTCO₂E) of GHG Emissions.

Confidential Trash Recycling Program

From January-December 2018, Rite Aid accumulated 108,895 tons of confidential information that was securely collected and recycled by Shred-It®/Stericycle®. Through this partnership, we were able to save:

- **186,304 New Trees**
- **32,865 Cubic Yards of Landfill**
- **4,140,106 Gallons of Oil**
- **76,265,103 Gallons of Water**



Distribution Center Recycling Program

In addition to our efforts at store level, our Distribution Centers recycled **18,165 tons** of cardboard in 2018.

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.

Total amount of pharmaceutical waste safely disposed of in 2018⁴:

- **Hazardous pharmaceutical waste: 152 tons**
- **Non-hazardous pharmaceutical waste: 6 tons**



⁴ Calendar year 2018 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.



Environmental Impacts in the Supply Chain

Responsibly Managed Forest-Based Supply Chains

Forests are home to more than 80 percent of the planet's terrestrial biodiversity and are a source of thousands of medicines and health products. Forests also provide 75% of our fresh water, filter many pollutants from the air, regulate temperature and weather patterns, capture and store global warming gases and 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 supply chain in which there are management principles and practices promoting responsible 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 initial 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 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 progress with implementation of 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.

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.



Social Impacts in the Supply Chain

Code of Ethics and Business Conduct

We value relationships with our suppliers and vendors, knowing that our success is heavily based on mutually successful partnerships. In valuing these relationships, 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.

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 our 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 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 principles 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 with our identified salient human rights. These audits cover all aspects of our ethical sourcing principles, including human trafficking and slavery. These audits can be announced or unannounced. At the conclusion of each review, the third party conducts a "Closing Meeting" with the representative(s) from the manufacture facility before leaving the premise, at which time deficiencies, if any, 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

Rite Aid may request the third party to re-visit the facility to review the corrective actions implemented for certain or all reported deficiencies. Depending on the nature and seriousness of the violation, Rite Aid may discontinue making further purchases from a vendor if a violation is not rectified by the factory immediately.



Product Safety and Quality

Managing Chemicals of Concern: Our Chemical Commitment

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 needs. This commitment extends into our ongoing efforts to ensure that we meet the expectations of our customers in terms of the safety of the ingredients found in many products we sell today.

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.

Rite Aid has been working in recent years to eliminate chemicals of concern from its product assortment. In 2016, we committed to eliminating eight chemicals of high concern from our private brand formulated products by 2020. These chemicals include:

- **Triclosan**
- **Propylparaben**
- **Formaldehyde**
- **Dibutyl Phthalate**
- **Toluene**
- **Diethyl Phthalate**
- **Butylparaben**
- **Nonylphenol Ethoxylates**

In addition to formulated products, Rite Aid will continue to conduct testing to ensure imported products are compliant with regulatory requirements as well as additional Rite Aid standards.

The most recent supplier survey indicated that the number of private brand products containing any of these chemicals has decreased by 54%, and that the number of suppliers producing private brand products for Rite Aid that contain these chemicals has dropped by 64%. We are on track to meet our elimination commitment by 2020.

2018 Chemical Management Initiatives

- Rite Aid publicly disclosed an expanded restricted substance list (RSL) which goes beyond regulatory requirements and includes additional chemicals that the US retail sector has prioritized for elimination. As a result, the number of chemicals of concern on our list grew from 8 to 69.

This expanded list is available on our website:

<https://www.riteaid.com/corporate/chemical-policy>

- We joined the multi-stakeholder Beauty and Personal Care (BPC) Leadership Group to collaborate with various representatives from other retailers, brands, manufacturers, and non-profit organizations and to develop the BPC rating system - a common assessment tool for evaluating the sustainability of beauty and personal care products. The ultimate goal of the BPC rating system is to simplify and align the wide array of product assessment criteria in use today.

In 2018, Rite Aid was named one of the three most improved retailers in chemical management by the “Safer Chemicals, Healthy Families” Mind the Store Campaign.

You can review our report card and learn more here:

<https://retailerreportcard.com/retailers/>

- We moved from survey based assessments of RSL compliance to automated screening using the Underwriters Laboratories (UL) Purview platform through the WERCSMART system, and we are requiring that all of our private brand suppliers report all ingredients in their formulated products to WERCSMART.

2019 Chemical Management Goals

In 2019, we plan to expand our chemical policy to cover formulated products made by national brands.

We are continuing our work with UL and the Purview Platform. On this platform, we are able to screen products for chemicals of concern and track progress on our elimination commitment. We’ve also incorporated screening for chemicals on the six authoritative and regulatory lists that comprise the BPC stewardship list. We continue to encourage our supplier partners to avoid using ingredients on the RSL and the BPC Stewardship list, and use alternatives identified as “safer chemicals” by the U.S. EPA Safer Choice program.

We will continue to align our activities with other retail sector initiatives that are designed to provide suppliers with consistent guidance about the chemicals that retailers believe require special stewardship efforts to meet consumer demands for safer products. Once the BPC rating system is finalized, Rite Aid’s goal is to request our suppliers of beauty and personal care products participate in the product sustainability rating system.



Continuous Improvement Goals for Chemical Management

Rite Aid will promote more comprehensive ingredient disclosure to consumers and will encourage our supplier partners to publicly disclose all ingredients online or on pack, including the constituents of fragrance and other generic ingredients. Rite Aid will inform customers about products that are “free of” specific chemicals of concern and will promote third-party certifications, such as U.S. EPA Safer Choice products. Our long-term goal is to extend our chemical policy to cover all of the products sold in our stores. This will be a multi-year effort and will begin with formulated products such as over-the-counter medications, vitamins and supplements, as well as food and beverages.

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 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 operators when temperatures exceed safe norms. Plans are in place for future expansion.

- All stores are equipped with either laser or stem type digital thermometers to monitor incoming product temperature controlled foods as well product on hand.
- Our management teams are responsible for the completion of several food safety and sanitation checklists on a daily, weekly, monthly and quarterly basis; and a formal food safety audit of all stores is conducted twice a year by our compliance team.
- We have multiple food safety and sanitation resources for our stores, including pictorial guides, posters, computer-based training modules, videos, etc. to support our program.
- Store management teams are trained to become certified food safety professionals through the National Registry of Food Safety Professionals (NRFSP), an ANSI certified training program. We currently have over 2,500 certified food safety professionals in our organization.
- All stores are equipped with infectious biohazard spill kits and all associates are trained to safely handle biohazardous waste.
- All stores, manufacturing plant and distribution centers partner with our pest control operators to incorporate integrated pest management systems to prevent food and drugs from becoming contaminated by vermin.



Food Safety Modernization Act (FSMA)

Rite Aid has developed a robust FSMA initiative in our Thrifty Ice Cream Plant.

To achieve compliance, we have implemented several key controls:

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

In addition, we require all supply chain vendors to be global food safety initiative (GFSI) compliant.

We are currently in the process of finalizing our FSMA Food Defense Plan to prevent intentional adulteration. To date, we have completed our vulnerability assessment, broad based mitigation strategies and focused strategies of key activity types (KATs). Our distribution centers have proactively developed hybrid FSMA controls to further improve our current Good Manufacturing Practices. We anticipate completion of our Food Defense Plan by the summer of 2019.

Product Quality Testing and Recalls

Through our partner UL, Rite Aid tests all food and formulated non-food 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:

<https://www.riteaid.com/customer-support/product-recalls>



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.

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





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.



EnvisionRxOptions: 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. To help improve the health and wellness of the patients in the communities we serve, Rite Aid acquired the pharmacy benefits and services company, EnvisionRxOptions in 2015. This wholly owned subsidiary includes a family of companies focused on making medications more affordable for everyone—patients and payers.

EnvisionRxOptions includes:

- Pharmacy benefit management (PBM) services through EnvisionRx and MedTrakRx
- Mail and specialty pharmacies through EnvisionPharmacies
- Commercial and Medicare-approved prescription drug plans through EnvisionInsurance
- Fertility drug discount programs through EnvisionFertility
- Prescription drug savings on FDA-approved drugs for under and uninsured patients through EnvisionSavings
- End-of-life pharmacy care through HospiceRx
- A PBM technology platform through LakerSoftware

Expanding Access to Coverage

More than 20 million patients rely on the pharmacy benefits and services of the EnvisionRxOptions family of companies. Throughout the United States and Puerto Rico, our pharmacy benefit management companies 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, EnvisionRxPlus, 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 and 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's 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 like 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 pharmacists 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 Centers for Disease Control and Prevention (CDC) and the Centers for Medicare and Medicaid Services (CMS). We identify members obtaining potentially harmful opioid dosing and implement case management protocols for 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. One key aspect of its business is to develop, design and/or execute wellness programs. The following wellness programs were active in 2018:

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 program engages individuals who are overweight or obese to help improve health outcomes. Innovative outreach strategies provide education and support, access to Registered Dietitians, online coaching models, and award-winning toolkits to help participants achieve behavior change goals. Participants completing the program are defined as those who complete five or more objectives or who report the loss of at least 5% of their baseline body weight.

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 outcome.

Twenty-two percent of all Health Dialog clients participate in one of these programs and there are active plans in place to grow enrollment even higher.⁵



⁵ Calendar year 2018 data

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 among our stores so that pharmacy teams have more time for patient care. 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.

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.

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 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 drive which opportunities populate the Rite Care platform. We also launched several initiatives to provide tools and training that support our pharmacists in conducting motivational interviews and conversations about barriers to taking medications as prescribed.

CDC, 2017 <https://www.cdc.gov/mmwr/volumes/66/wr/mm6645a2.htm>

Rite Aid is partnering with both our wholly owned subsidiary, Health Dialog, and Allazo Health, to leverage artificial intelligence and predictive analytics that 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 partners with Mirixa and OutcomesMTM to utilize platforms that identify eligible patients, assess appropriate interventions and document care.

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

partnerships among patients, their pharmacists, physicians and other healthcare providers to help prevent avoidable healthcare expenses and drive positive health outcomes.

Rite Aid Drug Adherence Rates

Our adherence scores for the “Big 3” medications listed below give an overall view of adherence rates for Rite Aid pharmacies. Our target goal for each is 85%:

- **Cholesterol PDC⁶ (all plans): 78.8%**
- **Diabetes PDC (all plans): 77.9%**
- **RASA⁷ PDC (all plans): 81.0%**



⁶ PDC= proportion of days covered
⁷ RASA= renin angiotensin receptor antagonist

In addition to the Rite Care and Medication Therapy Management (MTM) Programs, we also utilize the following two 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%.

- **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%.

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 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 role and perform additional services that go beyond filling prescriptions and better leverage their expertise and capabilities. Through

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

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

- **The Idaho Prescriptive Authority**

Each of our fourteen pharmacies in Idaho were granted approval to evaluate and treat for cold sores, uncomplicated urinary tract infections and statins for patients who have been diagnosed with diabetes.

- **Contraceptive Prescribing**

Our pharmacists are now permitted to prescribe contraceptive therapy in our 73 Oregon pharmacies and in 35 of our pharmacies in California.

- **Point of Care Testing**

Our pharmacists in 43 pharmacies in the states of Idaho, Michigan and Washington perform independent testing to diagnose and treat patients for Group A Streptococcal and Influenza.

In fiscal 2019, Rite Aid protected 3.2 million patients by administering immunizations. This was an increase over the previous year of nearly 163,000 influenza vaccines and 560,000 total immunizations.

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. Our immunization program continues to grow as a result of our efforts.

Patient Safety

Patient safety is a critical priority at Rite Aid, and we use a robust proprietary Continuous Quality Improvement Program to drive these efforts. 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, we reduced our claim rate to 0.43 claims per million prescriptions, a 40.1% reduction from the prior year and an all-time low.



Management of Controlled Substances

Rite Aid has made significant progress on several key initiatives to help address the opioid crisis.

Below are the details on these initiatives⁸:

- **Installed**

More than 450 safe medication disposal kiosks are now available in local law enforcement facilities through The Rite Aid Foundation “Safe Medication Disposal” program. 100 safe medication disposal kiosks are available in select Rite Aid stores.

- **Removed**

932 tons of unused medications removed from homes through DEA National Take Back Days⁹.

- **Distributed**

33,000 Dispose Rx packets have been provided to assist opioid patients in quickly and safely disposing unused excess opioids.

- **Dispensed**

More than 26,000 NALOXONE prescriptions.

May 2018: We became 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.

June 2018: We announced our plans to install 100 medication disposal units in select pharmacies over the next year 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.

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 like prescription drug safety and drug abuse prevention. We also are committed

to raising awareness about important issues like drug abuse prevention and prescription drug safety while 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.

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

We are committed to educating our patients so they understand the risks of opioid abuse starting with their first opioid prescription.

- All patients with opioid prescriptions receive a handout on opioid use, safe storage, disposal and proper use of naloxone.
- Each opioid prescription bottle includes a warning label sticker that reads "Caution: Opioid. Risk of overdose and addiction."
- All patients with new opioid prescriptions receive mandatory counseling on their prescription from Rite Aid pharmacists.

"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,
Pharmacy and Retail Operations***

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.



Prescription Monitoring and Dispensing Controls

Rite Aid supports legislation that is consistent with the Centers for Disease Control and Prevention (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.

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.

- In March 2013, Rite Aid implemented a policy that all pharmacists must be enrolled in their state Prescription Monitoring Program (PMP). All pharmacists must attest annually their access is active.
- Rite Aid has a robust proprietary prescription dispensing system with built-in logic to assist our pharmacists in providing patient care in a safe and effective manner while ensuring regulatory compliance.



Some examples of system enhancements related to controlled substances include:

- An automated six-step “High Alert Controlled Substance Validation Process” to verify controlled substance prescriptions for high alert medications¹⁰. 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 benzo 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.

¹⁰ 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.



Community Involvement

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

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 was established in 2001 to help us deliver on our core value of being a caring neighbor—one that gives back to the communities and cities it serves in meaningful ways. Since its inception, the Foundation has awarded \$52 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

To do even more for the communities we serve, The Rite Aid Foundation developed the KidCents program, a charitable giving program dedicated to improving the health and wellbeing of children 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.

The KidCents program annually supports a select group of more than 400 nonprofit, kid-focused organizations committed to improving the health and wellbeing of children living in the communities Rite Aid serves and national organizations focused on critical children's issues, including The Fred Rogers Company, Children's Miracle Network Hospitals and Folds of Honor.

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.

In 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.

The program has now expanded to 18 states and installed 60 additional disposal units. In total, The Rite Aid Foundation has partnered with more than 400 law enforcement agencies to make more than 450 units available to customers and communities.

To further advance its efforts to combat the opioid epidemic, The Rite Aid Foundation partnered with EVERFI, the nation's leading education technology innovator to roll-out the Prescription Drug Safety program, an innovative digital course about prescription drug abuse prevention for high school students in Rite Aid communities. The Foundation has made a \$1.7 million commitment to the program, which is expected to reach more than 400 high schools.

To date, the digital course has been activated in 254 high schools in California, Michigan, Ohio, Oregon, Pennsylvania, and Washington, reaching more than 16,000 students.

Championing Education and Academic Growth

In 2018, The Rite Aid Foundation awarded 422 students in Rite Aid communities Folds of Honor educational scholarships, totaling more than \$2 million. The scholarships completed a three-year, \$6 million commitment to Folds of Honor, a nonprofit organization focused on securing the financial support to provide educational scholarships to the children of our military service members who have been killed or seriously wounded while serving our country. Since 2015, The Foundation has donated nearly \$7.2 million to fund more than 1,500 scholarships for children.





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

Now in our 25th year of support, Rite Aid associates from across the country have come together to raise money for Children’s Miracle Network Hospitals. Last year’s annual Miracle Balloon Campaign raised \$5.7 million for Children’s Miracle Network Hospitals to help administer life-saving care, purchase medical equipment and provide critical funds to more than 90 hospitals located in Rite Aid communities.

Thanks to the tremendous support of associates, customers, suppliers and partners, Rite Aid has raised more than \$92 million to help local Children’s Miracle Network Hospitals provide the highest level of care to sick and injured children.

Improving the Health and Wellbeing of Children

As part of its ongoing efforts to address critical children’s health and wellbeing issues, The Rite Aid Foundation announced 180 grants totaling more than \$4 million through the inaugural cycle of the KidCents Regional Grant Program.

The new program, which provides grants of \$15,000-\$30,000, significantly expands the reach of KidCents by funding specific out-of-school-time programs focused on children’s nutrition, physical fitness and academic success. As a result of the grants, close to a quarter of a million children now have access to ground-breaking programs that will improve their health and wellbeing and promote academic growth. Funded initiatives include a wide range of offerings, including such initiatives as arts education and conflict resolution programs, mentoring programs for at-risk youth, academic support for teenagers battling cancer and food assistance and nutrition education for children in need.

The Rite Aid Foundation Donated \$200,000 to Assist Wildfire Relief Efforts in California

Communities throughout California were devastated by deadly wildfires in 2018. As part of Rite Aid's ongoing efforts to support the communities we serve during times of disaster, The Rite Aid Foundation donated \$200,000 to several relief organizations with knowledge of and access to the impacted communities to assist families, evacuees and firefighters impacted by the wildfires.

Associates

Relief Fund Supports Associates in Need

One of The Rite Aid Foundation's core areas for charitable giving is supporting its own community of associates during times of special need.

During 2018, the Rite Aid Associate Relief Fund provided \$340,000 to associates in need, including \$53,000 to 24 associates impacted by the California wildfires. Other relief requests included financial assistance for medical issues and home displacement due to natural disasters.



EnvisionRxOptions' Community Involvement

Rite Aid's wholly owned subsidiary, EnvisionRxOptions, also believes in being a caring neighbor through its charitable giving and hands-on community service activities. The company focuses its philanthropic efforts on children's health, community health and wellness, and disaster response and recovery.

Key programs/partnerships supporting children's health and well-being 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

When Hurricanes Maria and Irma devastated Puerto Rico, the EnvisionRxOptions team quickly stepped up with donations and raised money, which was matched by the company. They also made arrangements to immediately deliver water, food, generators, diapers, crank radios, batteries and other necessities directly to those affected, including many EnvisionRxOptions' colleagues.

Additionally, The Rite Aid Foundation has provided \$100,000 over the past two years to support the disaster relief and social services efforts of the Green for Puerto Rico Campaign.





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.



Occupational 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 and 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 4 years. In addition, we have achieved reductions in general liability/customer claim counts in each of the last 5 years.

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 2018. 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 92% of the total associate population makes more than the mandated minimum wage. The breakdown is 91% and 100% for store and distribution center associates respectively.



Turnover

Our overall turnover is 46%:

- **36% voluntary turnover**
- **10% involuntary turnover**

Union Membership

- **33% of our workforce is unionized**
- **36% of all stores are under collective bargaining agreements**
- **3% of distribution centers are under collective bargaining agreements¹¹**

Workplace Diversity and Inclusion

We celebrate the fact that our store associates are as diverse as the communities in which we do business. Our pharmacists and pharmacy staff represent the patients they counsel and serve.

Rite Aid's leadership is gender balanced overall as an organization. Leadership is defined as store management and up. Today, 49% of Rite Aid leaders are women and 51% are male.



¹¹ Labor Practice data reported for calendar year 2018

About This Report

This is Rite Aid Pharmacy's first Corporate Social Responsibility (CSR) Report. It provides insight on the company's social and environmental endeavors and related performance data for fiscal year 2019 (March 4, 2018-March 2, 2019), unless otherwise noted.

Assessment of Importance

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

- **Shareholder resolutions**
- **Select institutional investors**
- **Company programs, policies and risk factors**
- **Industry trends**

While Rite Aid is categorized by SASB as a Drug Retailer, topics were additionally drawn from Food Retailers & Distributors, Managed Care Standards and Multiline and Specialty Retailers & Distribution Standards. Based on our assessment, we concluded the issues of greatest importance to our company and our stakeholders fall into 4 topic areas: Environment, Health and Wellness, Supply Chain and Workplace.

Information Integrity

Rite Aid is responsible for the arrangement and integrity of information in this report. The programs, data and aspirations disclosed in this report are managed by the groups responsible for achieving them. Using several key controls, including a review process with internal subject matter experts, we believe this report accurately represents our CSR endeavors for fiscal year 2019.

The report was reviewed and approved by Senior Management at Rite Aid.

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; and the 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 Fiscal 2019
Corporate Social Responsibility Report**