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1. OBJECTIVE

This policy seeks to establish guidelines for Philanthropy, donations, contributions and incentives to guide decisions on granting them.

This policy updates and replaces the document PRD-POL003.

2. REACH

This document has a corporate nature and is applicable to RD and its investee companies' administrators, employees and contractors, as well as to all the parties benefited by donations, contributions and incentives referred to herein.

3. REFERENCES

- RD Culture Drivers: Beliefs, Purpose and Values
- People Code - Ethics and Conduct in RD
- Anti-corruption, Anti-fraud, and Relations with Public Entities/Agencies Policy
- *Canal Conversa Ética* (anonymous ethics hotline) Policy
- Conflict of Interest Policy
- Integrity Program
- Disciplinary Measures Policy
- Law no. 8.069/1990 - Child and Adolescent Statute
- Law no. 8.313/1991 - Rouanet Culture Incentive Law
- Law no. 8.685/1993 - Audiovisual
- Law no. 13.165/2015 - Donations to Political Parties
- Executive Order no. 3.000/1999 - Income Tax Regulation
- UN Sustainable Development Goals (SDG)
- UN Guiding Principles on Business and Human Rights
- RD Externalities Map
- Theory of Change in RD Social Investment
- ABNT NBR ISO 26000

4. DEFINITIONS

- **Broker:** Third party that acts, directly or indirectly, on behalf of RD and its investee companies.
- **Political Agent:** Person who holds or is seeking political office, political party and party staff. Includes the Politically Exposed Persons (PEPs).
- **Government Official:** Person who, even if temporarily or pro bono, holds an office or position in any agency or department of the local, state or federal government or the Federal District, as well as in corporations directly or indirectly controlled by the local, state or federal government or the Federal District. Includes the Political Agents.
- **Local Community:** Towns and cities that host our operations: Head Office, Distribution Centers and Pharmacies.
- **Contribution:** Donation, sponsorship, support, funding, etc. offered by RD and its investee companies.
Note: This Policy covers RD's voluntary contributions. Therefore, it does not include mandatory contributions regarding taxes paid by the company and union dues and fees, etc. deducted from payroll and transferred by the company to the organization entitled to receive them.

- **Sustainable development:** ‘Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Note: Sustainable development is about integrating the goals of a high quality of life, health and prosperity with social justice, and maintaining the earth's capacity to support life in all its diversity. These social, economic and environmental goals are interdependent and mutually reinforcing. Sustainable development can be treated as a way of expressing the broader expectations of society as a whole.’ (ABNT NBR ISO 26000).
- **Due Diligence:** Set of investigations that must be carried out before hiring a contractor to assess its competence and trustworthiness, and, during the term of the contract, to monitor compliance with contractual provisions on the topics of this Policy.
- **Beneficiary Organization:** Legal entity governed by public or private law, self-governing body, civil society organization or similar entity that will be the beneficiary of the philanthropy, donations, contributions and incentives provided for herein.
- **Incentive:** Stimulus provided to a person, company or sector to increase production and improve performance.
- **Tax Incentives:** Investments made in projects - through transfer of funds arising from local, state or federal tax incentives - that have the characteristics and nature provided for in their respective legal frameworks.
- **Philanthropy:** RD draws on the concepts of GIFE (Group of Institutes, Foundations and Companies) and understands philanthropy as the voluntary transfer of private resources in a planned, monitored and systematic way for social, environmental, cultural and scientific projects of public interest.
- **Impact Businesses:** Social impact businesses aim at a positive social and environmental impact created by their own core business (Source: Sebrae - Brazilian Micro and Small Business Support Service).
- **UN Sustainable Development Goals (SDG):** The Sustainable Development Goals (SDG) are a global agenda adopted at the UN Summit on Sustainable Development in September 2015, comprising 17 objectives and 169 goals to be achieved by 2030.
- **Civil Society Organizations (CSOs):** According to IPEA - Institute of Research in Applied Economics (2018), civil society organizations (CSOs) are private, non-profit entities whose activities seek to meet the public interest. They are autonomous organizations, legally organized and established by the voluntary interest and association of individuals, belonging to the Third Sector of the economy.
- **Sponsorship:** Financial support given to projects of public or private sector initiatives in exchange for publicity or advertising of one’s brand.
- **Politically Exposed Person (PEP):** Government Official that has held or been entrusted with, during the previous five years, in Brazil or in foreign countries, territories and jurisdictions, any prominent government position, employment or function, as well as their representatives, relatives and close associates.
- **UN Guiding Principles on Business and Human Rights:** Structured around the parameters Protect, Respect and Remedy, these principles apply to all States and to all business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure. The objective is to guide business enterprises to enhance standards and practices regarding business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contribute to a socially sustainable globalization.
- **Social Responsibility:** ‘Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships’

(ABNT NBR ISO 26000: 2010).

- **Theory of Change:** Methodology used as a support in the processes of planning and evaluation of social organizations and programs. It is a map that organizes the logical chain of an intervention, desired long-term results and the ways to achieve them. It is an important tool for decision making and communication with stakeholders.
- **Contractor:** Company or person that is a service provider, supplier or business partner of RD and its investee companies. Examples: lawyer, advisor, consultant, outsourced or sub-contractor, forwarder, distributor, builder, middleperson, representative, reseller, etc.
- **Third Sector:** Set of private, non-profit civil society organizations that carry out activities aimed at the common good.

5. GUIDELINES

RD supports initiatives that promote positive changes in society, drawing on the following guidelines:

- UN Sustainable Development Goals (SDG)
- UN Guiding Principles on Business and Human Rights
- RD Culture Drivers: Beliefs, Purpose and Values
- People Code - Ethics and Conduct in RD
- Theory of Change in RD Social Investment

RD Philanthropy, besides being part of the Company's strategic objectives, is in compliance with the UN Sustainable Development Goals, especially goal 3: 'Ensure healthy lives and promote well-being for all at all ages'.

Supported initiatives shall, primarily:

- Consider the promotion of community development, respecting its autonomy and avoiding actions that create dependency on the organization;
- Ensure the access of minority groups, with low income and in social vulnerability;
- Establish strategic partnerships with specialist organizations with the purpose of evaluating existing initiatives in the communities and strengthening programs in progress.

The Philanthropy Manager is responsible for updating this Policy, as well as managing, monitoring and evaluating the performance of projects.

5.1. GOVERNANCE

All philanthropy, donations, contributions and incentives ('**Social Benefit**') shall comply with the following procedure:

- The annual selection of own and incentivized projects occurs through a letter of invitation by RD to mapped initiatives or through a request for proposals organized by RD and/or partners appointed by RD. The guidelines for the selection of projects and priorities are defined by RD's internal commission of philanthropy, which may be assisted by a specialist in the topic.
- After the definition in the previous step, the philanthropy manager shall, upon approval of the Sustainability Officer, propose the implementation of the philanthropy to be made by RD;
- The Philanthropy Manager shall have the Beneficiary Organization's potential suitability to receive the Social Benefit evaluated through a due diligence process;
- In case of a favorable evaluation of the Philanthropy Manager, the Social Benefit's approval workflow

(considering the total amount of the contract, regardless of the timeline of disbursements) shall follow the levels of authority for approval described below:

- Up to R\$ 50 thousand: the approval may be given by the Philanthropy Manager;
- Between R\$ 50 thousand and R\$ 100 thousand: the approval shall be given by the Sustainability Officer;
- Between R\$ 100 thousand and R\$ 500 thousand: the approval shall be given by the Vice President of People, Culture & Sustainability;
- Between R\$ 500 thousand and R\$ 1 million: the approval shall be given by the CEO;
- Above R\$ 1 million: the approval shall be given by the Board of Directors.

Note: Regardless of the authority levels above, the execution of the donation contract shall follow RD's levels of authority for execution, according to its Bylaws.

- Further to the approval, the legal department shall develop the applicable contract (eg. donation contract) for the Social Benefit to be granted, including all its details. The applicable contract shall refer to People Code - Ethics and Conduct in RD, to the Anti-corruption, Anti-fraud and Relations with Public Entities/Agencies Policy, as well as to the Conflict of Interest Policy to be complied with by the **Beneficiary Organization**.
- All approved initiatives shall be reported on an annual basis to the Sustainability Committee and the Board of Directors.

Exceptions to the rule such as support to projects that are not aligned with the guidelines hereof shall be submitted to the Sustainability Committee and approved by the Board of Directors before being granted.

5.2. WAYS OF OPERATING

a. Support to initiatives through own funds, third-party funds or tax incentives

Supported initiatives shall be in accordance with the Theory of Change developed by the Philanthropy team.

As set out in the Theory of Change, as a long-term result, RD aims to contribute to the overall health of vulnerable persons, so they can live longer and feel better.

Our ways of operating build on four pillars:

1. Taking care of the physical and mental health through access to treatment, rehabilitation and diagnosis, and access to and promotion of healthy habits;
2. Taking care of the social health, optimizing initiatives that link physical and mental health with diversity, inclusion, employment and income generation;
3. Taking care of the environmental health, shaping sustainable lifestyles;
4. Taking care of the overall health of communities, using and strengthening RD's powers to respond to human health and humanitarian emergency crises.

b. Volunteering

Initiatives and projects that foster social inclusion and transformation, a cooperative, volunteer and civic attitude, that value diversity and encourage sports, well-being and health.

5.3. LOCAL COMMUNITY RELATIONS

RD's Philanthropy shall always aim to create positive social impact on the communities where we operate.

This happens through the performance of volunteer employees, direct donations and transfer of resources to social organizations, joint solution building to tackle local problems, participation in councils or committees to discuss local development issues, or even direct response of RD in situations of disaster and humanitarian emergency crisis.

Communication between the community and the pharmacies, head office and/or DCs can take place locally or by the email address: investimentosocial@rd.com.br.

5.4. STRATEGIC PARTNERS

Philanthropy shall be made by supporting projects and initiatives, through trustworthy non-profit or for-profit organizations and entities whose purpose is to create positive impact on the overall health of socially vulnerable persons.

We shall prioritize **Beneficiary Organizations** with the following characteristics: Health care organizations; Impact Business ecosystem accelerators and intermediary organizations; and Public Sector organizations focused on health.

Support to or partnerships with the following projects are forbidden: projects linked with the tobacco, alcohol, weapons, mining and oil products industries, organized crime, political party activities or any organization on the Office of the Federal Controller General-CGU's list of untrustworthy companies.

5.5. DONATIONS

a. Donations of Products

Through the *Doa* Project, RD makes donations of products that will no longer be sold in the pharmacies. Products donated may be near expiry or in conditions not compliant with our sales policy, but are certainly in good use/consumption conditions.

All donations shall be accompanied by a donation form that clearly specifies the expiry date of products donated, as well as the details of the goods.

The donation is made through a platform managed by RD. For **Beneficiary Organizations** to be eligible and able to register, they need to meet some requirements:

- a) **ACCESS:** The organization shall ensure free access to the goods by the population and shall not - in any circumstances - sell them;
- b) **FEASIBILITY:** The organization shall ensure the distribution of donations to vulnerable populations within the proposed timeline;
- c) **MANAGEMENT EXCELLENCE:** The organization shall present organizational and management capacity;
- d) **DONATION DISTRIBUTION POTENTIAL:** It is desirable that the organization should be able to engage more people to speed up distribution within the products' expiry date;
- e) **CLARITY:** Information provided shall be clear in terms of the scope of the organization's activities and boundaries, as well as the strategy for using the donations;
- f) **RELEVANCE:** The organization's relevance and the impact caused within the context and in the community where it is located shall be taken into account;
- g) **REPUTATION:** The organization shall have good reputation;
- h) **TAX DEDUCTION:** The donation shall meet the criteria for deduction by RD for tax purposes. Donations that are exceptions to this rule shall be approved by the CEO.

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The process of analyzing and selecting the organizations benefited by the *Doa* Project shall be incumbent upon the Philanthropy Manager.

5.6. PROHIBITIONS

It is strictly forbidden to grant any Social Benefit, as defined herein, in the following conditions:

a. Beneficiary Organizations with Restrictions: The Social Benefit shall not be granted if: (i) there is conflict of interest between RD and the Beneficiary Organization, pursuant to the Conflict of Interest Policy; (ii) if the Beneficiary Organization has been deemed untrustworthy; (iii) if the Beneficiary Organization has been suspended and/or banned from doing business with the government; (iv) if the Beneficiary Organization has a majority shareholder convicted of misconduct in office or if the organization has been convicted of corruption (Law no. 8.429, dated June 2, 1992); (v) if the shareholders and/or the Beneficiary Organization has had unappealable conviction of fraud or unlawful activities against the government - national or foreign - pursuant to the Brazilian Anti-Corruption Act (Law no. 12.846 dated August 1, 2013).

b. Political Parties, Political Agents, Unions and their Representatives

Law no. 13.165/2015 forbids companies from donating money directly or indirectly through third parties to political parties, Political Agents, political movements, labor unions, as well as to their representatives or candidates, pursuant to its provisions.

c. Government Officials

Granting **Social Benefits to Government Officials** is forbidden, for the objective of this policy is to enable the granting of such benefits to **Beneficiary Companies** (legal entities) working for social causes.

5.7. FINANCIAL RESOURCES

The financial resources for the actions set out in this Policy derive from three sources:

- Annual own funds corresponding to 1% of RD's Net Income (only the controlling company, but not the consolidated income) regarding the previous accounting period through allocation in the Annual Budget Plan by the Philanthropy Manager, to be further approved by the Sustainability Officer, the Vice President of People, Culture & Sustainability, and the CEO;
- Donations from customers deriving from the *Troco Solidário* program and the sale of Social Products;
- Tax Incentives.

a. Formalization and allocation of Funds

The financial allocation formalization contains the beneficiary data, allowing the parties to fully understand the application of funds:

- I. Corporate name / Full name;
- II. CNPJ - Corporate Taxpayer Register Number / CPF - Individual Taxpayer ID;
- III. State Registration / RG - Identity Card;
- IV. Full address;
- V. Name of the representative;
- VI. Contact phone number; and
- VII. Description of the purpose, among other relevant information.

The expenses in cash are made by bank transfer to a bank account in the name of the beneficiary

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organization or person, following the levels of authority for approval defined by the Company.

6. ROLES AND RESPONSIBILITIES

6.1. PHILANTHROPY COMMITTEE

RD's Philanthropy Committee is composed of a core team, which gathers bimonthly, and an expanded group, with two meetings a year.

Such committee is composed of representative(s) of RD's Board of Directors; guest specialist(s); external stakeholders; as well as representatives of the RD pharmacies and RD's executives.

The committee has an advisory nature and aims at building a strategic vision for the Philanthropic agenda. Its main duties are:

- a. Advise the philanthropy area on its strategic planning, aiming to increase its positive impact on society;
- b. Support the philanthropy area so that its purposes can be implemented and the desired results achieved;
- c. Provide references and contacts that can maximize the initiatives' social impact.

6.2. BOARD OF DIRECTORS' SUSTAINABILITY COMMITTEE

- a. Supervise the application of the Philanthropy Policy and recommend improvements, when necessary.
- b. Follow the results of philanthropy made by RD and its investee companies, reporting to the Board of Directors on the initiatives' performance indicators.

6.3. BOARD OF DIRECTORS

- a. Approve the Philanthropy Policy and periodically monitor the performance of projects.

6.4. EXECUTIVE BOARD

- a. Disseminate, guide, promote and enforce compliance with this Policy;
- b. Monitor the correct use of resources provided by the Company;
- c. Periodically evaluate and define the guidelines for the provision of resources by the company.

6.5. PHILANTHROPY MANAGER

- a. Check the information on the Company's donations, contributions and incentives;
- b. Verify if the companies and civil society organizations are duly suitable and meet the criteria defined by the Company;
- c. Submit the different benefit amounts for approval according to the levels of authority described in item 5.1. 'Governance';
- d. Forward to the Tax area the documents related to the donation made, the signed donation form accompanied by the supporting documentation to follow the tax deduction procedures;
- e. Periodically disclose the results of supported projects, as well as the amounts allocated;
- f. Visit the projects, whenever necessary, so as to check information and/or gather data for communication and community engagement activities (photographs, testimonials, consultations, feedback, etc.);
- g. Revise this policy every two years or whenever necessary.

6.6. FISCAL AND TAX OFFICER

- a. Notify the Philanthropy Manager about the estimated amounts to be allocated in Tax Incentives.

6.7. RD'S MANAGERS AND EMPLOYEES

- a. Learn, follow and disseminate the content of this Policy and related rules, especially the People Code - Ethics and Conduct in RD.

6.8. ACCOUNTING

- a. Record donations and sponsorships, so that they are clearly and specifically reflected in the company's accounting records.

6.9. TAX AREA

The Tax area shall receive the documents related to the donation made and the supporting documents to follow the tax deduction procedures.

Non compliance with this Policy shall lead to disciplinary sanctions, according to RD's rules, including employees and the analysis of potential supplier/partner contract termination.

7. AUTHORITY

Action / Reason	Person in charge	Approval
Development of the Philanthropy Policy	Philanthropy Manager	Board of Directors

8. RECORD

Version	Created/modified on	Approved on	Access	Maintenance and Update	Storage
001	Nov 11, 2019	Nov 11, 2019	Audience	Philanthropy Manager	IR and <i>Conexão</i>
002	Jun 11, 2021	Jun 11, 2021	Audience	Philanthropy Manager	IR and Workplace
003	Mar 1, 2022	Jun 30, 2022	Audience	Philanthropy Manager	IR and Workplace