

Relatório ESG

TCFD





TCFD

We have implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in our sustainability reports to improve transparency about risks and opportunities related to climate change.



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Strategy

a) - Describe climate-related risks and opportunities the organization has identified over the short, medium, and long term.

In 2023, we deepened our analysis of climate change-related risks and opportunities across all operations. The study aimed to identify the main physical and transition risks, as well as the main opportunities for the Company aligned with a low-carbon strategy. For physical risks, seven threats were considered: heat waves, river floods, vector proliferation, windstorms, landslides, sea level rise, and fires. For pharmacies, windstorm and heat wave threats presented the largest number of assets at critical risk. Regarding DCs and the RD Saúde Campus, the most critical threats were windstorms, heatwaves, and fires. As for transition risks, the highest were: pressure to adopt voluntary decarbonization targets; carbon pricing; and responsibility for actions taken by suppliers and/or service providers without climate and ESG targets. The main opportunities identified were: investments in the development of more sustainable products, services and processes (low emission rates); development of electric vehicle charging points in pharmacies; and migration to low-carbon electricity consumption.

b) - Describe the impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate-related risks and opportunities have influenced the development of the Company's long-term vision, particularly in the definition of sustainability commitments for 2030, which impact and guide the strategy of our operations. Short-, medium-, and long-term financial planning related to direct and indirect expenses has also been influenced by climate risks and opportunities. The purchase of electric trucks and the adoption of more energy-efficient measures, for example, require investments that are calculated and provided for in the organization's annual budget. In addition, several areas, such as Expansion, Engineering, Insurance, and Pharmacy Operations, already have action plans in place to monitor, prevent, and address climate events.



c) - Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

RD Saúde has developed a consistent mitigation and adaptation strategy (page 95), which brings resilience to the business in the face of climate change: we have a high percentage of electricity consumption from renewable sources and have implemented energy-efficient solutions (page 96); we invested in training our own drivers and in optimizing processes to increase the efficiency of our vehicles (page 96); we increased the volume of last-mile deliveries carried out using less polluting modes (page 96); we acquired electric trucks for our fleet (page 96); we have worked closely with our suppliers to engage them in the climate agenda (page 94); and adopted public targets for reducing emissions and engaging the value chain.



Risk management

a) - Describe the organization's processes for identifying and assessing climate-related risks.

We conducted a comprehensive climate risk identification and assessment study that covered all operating units in 2022 (RD Saúde Campus, 11 DCs, and 2,697 pharmacies). Physical and transition risks were identified with business areas and assessed based on their impact and probability, and classified according to the Company's impact scale. The study considered SSP1-2.6 and SSP3-7.0 scenarios for 2030 and 2050. As an action plan for 2024, we will update and expand the analysis to units opened in 2023.

b) - Describe the organization's processes for managing climaterelated risks.

Risk review and monitoring at RD Saúde, including climate-related risks, are primarily conducted by the Risk Management Committee, an advisory body to the Board of Directors, which establishes regular and specific meetings to monitor risks according to their nature. This phase involves tracking key risk indicators (KRIs), the progress of action plans previously defined by those responsible for managing the respective risks and the definition of new actions for management and/or mitigation. High and very high risks are permanently monitored by the Risk Management Committee and are reported to the Audit Committee according to their criticality. Medium and low risks are discussed as needed. Additionally, the Company maintains continuous monitoring activities conducted by the Risk Management and independent assessments made by the Internal Audit area or by contractors (external audit). With the involvement of the Executive Board, Audit Committee, and Board of Directors, an annual risk review is also conducted to reassess alignment with the Company's strategy and to ensure continuous verification of the implementation and results of mitigation measures.



c) - Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.

Since 2022, we have included climate-related risks in the Company's risk matrix. The Risk Management team promotes continuous alignment with the Sustainability area and the business areas directly involved to address and monitor climate-related risks.



Governance

a) - Describe the Board's oversight of climate-related risks and opportunities.

The Board of Directors is advised by the Sustainability Committee, which meets at least ten times a year to evaluate the evolution of actions and the performance of our sustainability strategy – which includes our climate change mitigation and adaptation plan. Advice resulting from these meetings is presented to the Board members. In addition to the fixed agendas, Committee members meet frequently with the Sustainability Officer to delve deeper into the climate agenda, understand business risks and opportunities, analyze scenarios and create a short, medium and long-term strategy on the topic.

b) - Describe management's role in assessing and managing climaterelated risks and opportunities.

In recent years, RD Saúde has made strides on the climate agenda and its integration into the routine analysis of scenarios and factors that may impact the Company, either positively or negatively. The Risk Committee, which advises the Board, identifies, measures, and monitors climate-related risks and opportunities together with business areas, in addition to defining processes to respond to risks through control mechanisms and action plans. Risks with high and very high criticality are periodically reported to the Board of Directors.



Metrics and targets

a) - Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.

We assess risks and opportunities based on the impact on business and the likelihood of risks and opportunities occurring. Therefore, risks are classified by a combination of impact and likelihood, according to the matrix of risks and opportunities defined by the Company. The impact assessment uses quantitative (financial) and qualitative (image and reputation, health and safety, compliance and ESG) criteria. The impact of the risk/opportunity can be classified as "Very High", "High", "Average" and "Low". The likelihood of occurrence presents the same classifications, considering the short-, medium- and long-term time horizons defined by the company.

b) - Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Risks related to GHG emissions include: i) physical risks: heat waves, river floods, vector proliferation, windstorms, landslides, sea level rise and fires; ii) transition risks: carbon pricing, cost of fossil fuels, exposure to climate litigation, non-compliance with climate-related financial disclosure requirements, non-compliance with requirements to disclose emissions and replace refrigerants with lower emission technologies, responsibility for actions taken by suppliers and/or service providers without climate and ESG targets, and pressure to adopt voluntary decarbonization targets.

c) - Describe the targets used by the organization to manage climaterelated risks and opportunities and performance against targets.

In 2023, we revisited our sustainability commitments for 2030 and updated our climate-related targets. We made the following commitments: i) reduce Scope 1 and Scope 2 GHG emissions in line with the 1.5°C scenario, using 2021 as the base year; and ii) engage suppliers



responsible for emissions from purchased goods and services (Category 1) to have science-based targets by 2030 (Learn more on page 94). In addition to these commitments, in 2023 we also had as targets for the Company improving the performance in the CDP climate change questionnaire and remaining in the Corporate Sustainability Index (ISE B3) portfolio, both linked to the variable compensation of all corporate employees. Some areas also had specific targets, such as the Sustainability team, which had targets related to climate change mitigation and adaptation, and the Engineering team, with targets related to the acquisition of energy from renewable sources.

