



Prescription for a Better World

2014 Corporate Social Responsibility Report

 **CVSHealth**



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- Larry Merlo, President and CEO
Eileen Howard Boone, Senior Vice President,
Corporate Social Responsibility and Philanthropy

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Dear Stakeholders

2014 was a big year for our company. In September, we changed our company's name to CVS Health and stopped selling tobacco products in our retail pharmacy locations across the United States. These decisive actions reflect the company we are today and how we are working to change the way health care is delivered.

At our core, we are a pharmacy innovation company aligned around a simple and clear purpose: Helping people on their path to better health. Our ultimate goal is to lower the cost, improve the quality of, and increase access to, health care for our patients and customers so they can live healthier lives. This has led us to expand our model beyond the corner drug store to a fully-integrated pharmacy and health care provider, which today includes 7,800 retail store locations, principally operating under the CVS/pharmacy name; a pharmacy benefit management business called CVS/caremark that covers about 65 million Americans; 970 walk-in CVS/minuteclinic locations; and CVS specialty, a growing pharmacy service designed for patients with chronic diseases, cancer and other serious conditions.

Helping people on their path to better health was also the key driver behind our decision to stop selling tobacco products. We fundamentally believe tobacco use is in direct conflict with this purpose. Now that these products are no longer sold in our stores, we are focusing on awareness campaigns and smoking cessation initiatives through which we hope to help millions of people quit smoking for good.

In last year's report, we unveiled our corporate social responsibility (CSR) strategic framework, *Prescription for a Better World*. One of the key pillars of our strategy is focused on building healthier communities. In addition to the efforts I have described above, the **Health in Action** section of this report describes some of the specific initiatives delivering on our purpose and CSR strategy — from making health care more accessible through technology, like our Telehealth service that is available at select MinuteClinic locations; to providing people in underserved communities free health screenings so they can proactively manage their health. At every turn, we are challenging ourselves to innovate and invest in better solutions that will help improve health outcomes.

Protecting our planet is another pillar of our CSR strategy, based on the strong connection between human and environmental health. The investments we are making to reduce our environmental impact and improve our operational efficiency range from new lighting fixtures and more efficient HVAC systems, to a growing list of chemicals we have banned or are phasing out of our private label products. These and other initiatives are outlined in the **Planet in Balance** section of this report. We also report on the good progress we have made toward our 15% reduction target of greenhouse gas (GHG) emissions, which we expect to achieve by 2018.

Finally, creating economic opportunity is the third pillar of our *Prescription for a Better World*. Having opportunities to grow and thrive is not only essential to our business, it is essential to our colleagues, suppliers, communities, and investors. For example, we work closely with our store brand supply chain partners on all quality and safety requirements to help ensure they continue to meet our social compliance standards. We also have more than 50 development and training programs tailored for our colleagues that focus

on career advancement as well as new technologies and business trends. We disclose more on this and other topics in the **Leader in Growth** section of this report.

Since 2007, our annual CSR Report has been an important vehicle for us to openly communicate our social responsibility commitments, plans and progress to our stakeholders. We believe transparency is about building trust while providing our stakeholders with a better sense of our values and the ways in which they guide how we conduct ourselves as corporate citizens. I hope you will take the time to review this report to see how we are bringing our purpose to life and advancing our *Prescription for a Better World*.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry".

Larry Merlo
President and Chief Executive Officer



F Our Journey



This past year has been a highly productive one in CVS Health's CSR journey. Since we stopped the sale of tobacco products in our retail drugstores, we accelerated our work by clearly defining the strategy and goals of our *Prescription for a Better World* in order to better align with CVS Health's purpose of helping people on their path to better health.

Working through our new *Prescription for a Better World* framework, we have built a powerful cross-functional team of senior leaders and subject matter experts to identify both the opportunities we have to advance our social and environmental commitments, as well as potential constraints and challenges. One thing we all agreed on is that the role of CSR is more than just "doing the right thing." CSR must deliver value to the business and to society, while meeting the expectations stakeholders have of us.

To better understand the expectations of our stakeholders, we engaged with our colleagues, as well as with external parties: customers, clients, shareholders, advocacy groups and

nonprofit organizations. Their input helped us to prioritize our material impacts and identify what else we can be doing as a large employer and health care provider to deliver value. For example, we met with nonprofit organizations, regulators and communities to help identify how CVS Health can support smoking cessation programs and efforts to discourage youth from ever using tobacco. We also met with and joined Ceres, a nonprofit organization that advocates for sustainability leadership, to help us continue to advance our environmental stewardship. And we engaged with investors interested in social and environmental responsibility to get their feedback on our CSR programs, progress and overall direction.

Our discussions with key stakeholders helped us focus our strategy on the most important priorities for our CSR efforts. Developing the right goals that support our strategic priorities involved many discussions to ensure we can both stretch our thinking and deliver on our promises. Personally, I'm pleased about where we landed. I believe our goals are ambitious, reflect the heart

and innovative spirit of our company and colleagues, and make sense for our business and our stakeholders. We present an overview of the priorities and goals that support our *Prescription for a Better World* on page 15 in this report.

As we look ahead to the next phase of this journey, we will work through targets and performance metrics that will help measure and manage our progress over time.

I invite you to read through this report — our eighth — to see where we are today and how we are already executing on the priorities and goals for our *Prescription for a Better World*. I hope you will share your feedback with us at CSR@CVSHealth.com.

Sincerely,



Eileen Howard Boone
Senior Vice President, Corporate
Social Responsibility and Philanthropy

Working through our new *Prescription for a Better World* framework, we have built a powerful cross-functional team of senior leaders and subject matter experts to identify both the opportunities we have to advance our social and environmental commitments, as well as potential constraints and challenges.

CVS Health Corporate Profile

CVS Health (NYSE: CVS), formerly CVS Caremark, is a pharmacy innovation company helping people on their path to better health. We enable people, businesses and communities to manage health in more affordable and effective ways. We do this through our retail pharmacies (CVS/pharmacy®, Longs Drugs®, Navarro Discount Pharmacy® and Drogaria Onofre™ stores), walk-in medical clinics (CVS/minuteclinic™), pharmacy benefits management (PBM) and mail service prescription operations (CVS/caremark™), specialty pharmacy services (CVS/specialty™, Navarro® Health Services and Coram®) and our online retail pharmacies (CVS.com®, Navarro.com® and Onofre.com.br). This unique integrated model helps to increase access to quality care, deliver better health outcomes and lower overall health care costs.

Our Operations and Supply Chain

CVS Health is headquartered in Woonsocket, RI. We employ nearly 215,000 colleagues in 47 U.S. states, the District of Columbia, Puerto Rico, Brazil and Northern Ireland. As of December 31, 2014, we operated: 7,800 retail drugstores; 970 walk-in medical clinics; 27 retail specialty pharmacy stores; 11 specialty mail order pharmacies; four mail service dispensing pharmacies; 17 onsite pharmacy stores; 86 branches, including approximately 70 ambulatory infusion suites and six centers of excellence for infusion and enteral services; and our CVS.com, Onofre.com.br, MinuteClinic.com, Caremark.com, Navarro.com, Navarrohealthservices.com and Coramhc.com websites. During 2014, we increased the number of CVS/pharmacy locations by a net 162 and added 175 new MinuteClinic locations. We also acquired Miami-based Navarro Discount Pharmacy,

a 33-store retail drugstore chain, and Navarro Health Services, a specialty pharmacy serving patients with complex or chronic diseases. In addition, we added Coram, one of the nation's largest providers of comprehensive infusion services.

We work with vendors and manufacturing suppliers inside and outside the United States to supply our store and proprietary brands, which comprise approximately 19.5% of our front-of-store revenue. The remaining 80.5% of front-of-store revenue is derived from the sale of national brands, which are manufactured by third-party suppliers and sold at our retail drugstores and online.

Financial Results and Economic Impact

In 2014, CVS Health's net revenues were approximately \$139 billion,

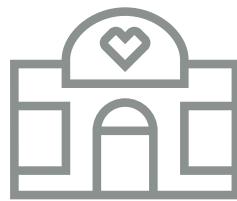
**nearly
215K
colleagues across
47 U.S. states, the
District of Columbia,
Puerto Rico, Brazil and
Northern Ireland are
employed by CVS Health**

operating profit was almost \$9 billion, and diluted earnings per share from continuing operations were \$3.96.

Our employees earned \$8.3 billion in wages and \$1 billion in benefits; we made payments to providers of capital of \$1.9 billion; and paid \$4 billion in income, property and employer taxes in the United States. Our charitable contributions, employee giving, in-store fundraising and in-kind donations totaled nearly \$90 million.



Serving the Public



5M

CVS/pharmacy visits per day



1.6B+

prescriptions filled annually



24M

MinuteClinic visits since 2000



7.2M

Pharmacy Advisor
interventions in 2014

Prescription for a Better World



Our approach to CSR ties directly to our business purpose of helping people on their path to better health. As a pharmacy innovation company, we are working every day to provide people with high quality pharmacy and basic health care services, and to make these services accessible and affordable. Our *Prescription for a Better World* aligns with this purpose and extends to our sustainable business operations, workplace, supply chain and communities.

CSR Governance

At CVS Health, our approach to CSR begins with our president and chief executive officer, Larry Merlo, who is responsible for delivering on our purpose and executing our business strategy across the enterprise. Our senior vice president of CSR and philanthropy, Eileen Howard Boone, is responsible for developing our *Prescription for a Better World* strategy and aligning it with our business objectives, as well as collaborating with others throughout the company on specific programs and initiatives.

The Nominating and Corporate Governance Committee of our Board of Directors provides oversight of our CSR strategy and performance. The senior vice president of CSR and philanthropy reports to the Committee on an ongoing basis and seeks their counsel on our approach to key issues. The Nominating and Corporate Governance Committee also reviews the annual CSR Report before it is released for publication.



CSR Strategy

Our approach to CSR ties directly to our business purpose of helping people on their path to better health. As a pharmacy innovation company, we are working every day to provide people with high quality pharmacy and basic health care services, and to make these services accessible and affordable. Our *Prescription for a Better World* aligns with this purpose and extends to our sustainable business operations, workplace, supply chain and communities.

Our Framework

Our *Prescription for a Better World* framework is organized around three key pillars: building healthy communities, protecting the planet and creating economic opportunities. Each pillar is supported by strategic priorities and goals, and aligned with the CSR material issues we identified

3 Key Pillars

define our *Prescription for a Better World* strategy and approach

in 2013, a process that was informed by internal and external stakeholders. Through ongoing engagement with our stakeholders, it is possible their input may lead us to reprioritize our CSR material issues and evolve our priorities and goals in the future. We are currently in the process of identifying targets and/or key metrics to drive performance.



Our Pillar Framework

Pillar	Strategic Priorities	Goals
	Accessible and Affordable Health Care	Reach more people with affordable health care options
	Support for Patients with Chronic Disease	Expand network of integrated care Provide educational resources to underserved patients
Health in Action		Expand chronic disease management services Help improve health outcomes
	Patient and Customer Well-Being and Safety	Use best-in-class technology and processes in all prescription dispensing to help ensure the highest quality of care Improve offerings of healthy products in-store
		Help to prevent prescription drug abuse Help people lead tobacco-free lives
		Support communities in need during times of disaster

Planet in Balance

Pillar	Strategic Priorities	Goals
	Sustainable Operations	Reduce the environmental impact resulting from our operations
	Sustainable Products and Packaging	Improve the sustainability of CVS Brand and/or private label products
	Internal and External Engagement Around Our Sustainability Vision	Improve the sustainability of our supply chain
	Safe, Rewarding and Inclusive Workplace	Make sustainability a relevant part of every colleague's role and responsibility
		Engage consumers to encourage adoption of more environmentally responsible behavior
		Create new jobs while providing best-in-class workplace and career development opportunities
		Take steps to ensure that the diversity of our colleagues represents the diversity of our customers and local communities
	Regulatory Compliance and Voluntary Standards are Met or Exceeded	Provide transparency around corporate policies and practices in ways that build trust with stakeholders
		Ensure policies and practices are best-in-class and processes are in place to execute
	Supply Chain Responsibility	Engage store brand suppliers to ensure compliance with our social and environmental policies, and to help drive a best-in-class approach
		Encourage diversity within our supply chain

Leader in Growth

CSR Material Issues and Materiality Assessment Process

At the end of 2013, we conducted an assessment to determine our CSR material issues. We have used the findings from this assessment to define this report's content and to develop our *Prescription for a Better World* strategy and roadmap. We did not update the assessment for this reporting year as we found the existing findings to remain appropriate.

The highest priority issues we identified were: patient and customer safety; access and affordability of health care; information security and customer privacy; managing our carbon footprint; prescription drug abuse and disposal; and tobacco cessation. We also identified 12 additional issues we believe should be priorities for our company. In total, these issues form the focus of this report.

A 4-step process was followed

Our main focus is on addressing the priority issues over which we have the greatest control, such as the quality and safety of our services, the products we sell and the environmental impact of our stores. We do this by integrating responsible business practices into our daily operations and continuously evaluating opportunities for improvement. We then collaborate with others to address the social and environmental impacts related to the issues that occur outside our direct control, such as the disposal of prescription drugs and the development and manufacturing of national brand products.

Materiality Assessment Process

The Global Reporting Initiative's (GRI) Principles for Defining Report Content served as the basis of our materiality assessment process and include: materiality, stakeholder inclusiveness, sustainability context, and completeness. Our process followed the guidance provided by the GRI and included four steps: identify the material topics and their boundaries; prioritize the topics and align them with the material aspects; validate the material aspects; and review our 2013 CSR Report with stakeholders.

Step 1

Identify Material Topics and Their Boundaries

Input was gathered from a wide range of internal stakeholders, and internal source documents and company communications were reviewed. These inputs covered a broad range of topics — from sustainable operations and supply chain responsibility to access to health care and patient and customer safety. Examples of source documents and company communications included:

- The company's Annual Report on Form 10-K and its proxy statement
- Company websites and press releases

- CEO communications, including speeches
- The company's social media properties
- Employee surveys and internal communications
- Business plans
- Position and policy statements
- Carbon Disclosure Project — CVS Health's questionnaire on GHG emissions from 2013

External research was conducted to examine and assess the following: emerging issues specific to CVS Health and/or its industry; how significant issues are influencing the perception or expectations of stakeholders; what competitors and corporate peers are doing to address similar issues and report on them; and what impact the issues are having on society and/or on CVS Health.

Some of the specific activities used to capture external perspectives included:

- Reviewing the GRI material aspects and performance indicators
- Benchmarking competitors and corporate peers on their CSR priorities, strategies and transparency
- Auditing media coverage on relevant CSR topics, including social media platforms

- Studying white papers and/or position statements on CSR topics developed by non-governmental organizations (NGOs), the government, consulting experts, academics and other thought leaders
- Examining the CSR-related perspectives of and actions taken by our shareholders
- Reviewing the criteria of various indices, rankings and ratings

The external research also focused on establishing the broader sustainability context as it pertains to CVS Health. Six mega-trends were determined to be relevant: evolving health care needs; resource scarcity and climate change; material use; economic opportunity; big data; and transparency. These mega-trends helped to frame many of the issues discussed in this report.

To ensure stakeholder inclusiveness, input was gathered by reviewing direct correspondences or debriefing on meetings that took place with stakeholders who shared their perspectives on specific issues. These stakeholder inputs covered a range of issues, such as: safe chemicals and product safety; tobacco cessation; prescription drug abuse; prescription drug disposal; climate change; packaging and recycling; transparency on political contributions; and patient privacy, among others. Customer surveys and feedback were also reviewed.

A list of material topics was developed and reviewed internally. Topics that reflected the company's most significant economic, environmental and social impacts — and may have an impact on our business reputation and long term success — were determined to be material. In addition, topics that could substantially influence the assessments

and decisions of stakeholders were also considered material.

The company's value chain was used to determine where the significant impacts occur relative to each topic or material aspect — whether the boundary is inside or outside the organization, and which stakeholders or entities contribute to the impacts or are affected by them. There have been no significant changes to the scope and aspect boundaries since our last report. The aspect boundaries are disclosed in the chart on pages 19 to 22.

Step 2

Prioritize the Issues; Align with Material Aspects

The material topics were discussed by CVS Health's internal CSR team and a team of external consultants. Careful consideration was given to each topic and its relative economic, social and environmental impact, as well as the impact it has on CVS Health's business and reputation. Each topic was also weighted based on the influence it may have on stakeholder perceptions and decisions. The topics were prioritized, revealing six high priority issues and 12 other issues. During this process, each topic was aligned with its corresponding material aspect and performance indicators were identified. The aspect boundaries are disclosed in the chart on pages 19 to 22.

Step 3

Validate the Material Aspects

The validation process was done to ensure that the range of material aspects and their boundaries accurately represented CVS Health's sustainability impacts and were

inclusive of stakeholders. The company's senior vice president of CSR and philanthropy reviewed and approved these findings. Throughout the development of the CSR Report, the disclosures around the performance indicators were continually reviewed to ensure the information was as complete as possible, and timely. Content drafts were reviewed by many of the company's senior leaders and a near final draft was reviewed by the Nominating and Corporate Governance Committee of the Board of Directors before publication. It should be noted that not all topics are easily quantified, nor do they all correspond exactly to specific material aspects and/or performance indicators. The reporting team relied on the GRI Implementation Manual for guidance and applied their best judgment when determining how to report on specific topics and meet the criteria for specific performance indicators.

Step 4

Review the 2013 CSR Report

CVS Health invited external stakeholders to review the 2013 CSR Report. Written feedback was provided by multiple reviewers from two socially responsible investing (SRI) groups. The feedback was mostly positive, but included a number of recommendations for strengthening report content in a few key areas, such as providing more information on employee safety, better context on goals and progress made; and improved disclosure on diversity, among others. Many of the suggestions these reviewers provided are now under consideration and/or have been implemented this year to improve the report quality.

This year's report does not include any restatements of information.



CSR Material Issues

CSR Material Topics	Aspect Boundaries	Material Aspects and Reported Indicators
Access and Affordability of Care	Within CVS Health: all departments	EC1 Economic Performance Direct economic value generated and distributed
	Outside CVS Health: patients, customers and plan members	EC8 Indirect Economic Impact Significant indirect economic impacts, including the extent of impacts
Climate Risks	Within CVS Health: all departments	EC2 Economic Performance Financial implications and other risks and opportunities for the organization's activities due to climate change
	Outside CVS Health: local communities, patients	
Chronic Disease	Within CVS Health: all departments	PR1 Customer Health and Safety Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
	Outside CVS Health: patients, customers and plan members	
Deforestation (paper use)	Within CVS Health: all departments	EN32 Supplier Environmental Assessment Percentage of new suppliers that were screened using environmental criteria
	Outside CVS Health: vendors, local ecosystems	EN2 Materials Percentage of materials used that are recycled input materials
Diversity and Inclusion	Within CVS Health: all departments	LA12 Diversity and Equal Opportunity Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
	Outside CVS Health: patients, customers and plan members	EC9 Procurement Practices Proportion of spending on local suppliers at significant locations of operation



CSR Material Topics	Aspect Boundaries	Material Aspects and Reported Indicators
Economic Opportunity	Within CVS Health: all departments	LA1 Employment Total number and rates of new employee hires and employee turnover by age group, gender, and region
	Outside CVS Health: local communities	LA2 Employment Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
Energy Use and Greenhouse Gas Emissions	Within CVS Health: all departments; distribution and transportation	LA10 Training and Education Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
	Outside CVS Health: third-party transporters	EC5 Market Presence Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation EN15 Emissions Direct greenhouse gas (GHG) emissions (Scope 1) EN16 Emissions Energy indirect GHG emissions (Scope 2) EN18 Emissions GHG emissions intensity EN19 Emissions Reduction of GHG emissions EN30 Transport Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce



CSR Material Topics	Aspect Boundaries	Material Aspects and Reported Indicators
Human Rights	Within CVS Health: N/A Outside CVS Health: store brand manufacturing suppliers	HR1 Investment Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening HR5 Child Labor Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor HR10 Supplier Human Rights Assessment Percentage of new suppliers that were screened using human rights criteria HR11 Supplier Human Rights Assessment Significant actual and potential negative human rights impacts in the supply chain and actions taken
Information Security and Customer Privacy	Within CVS Health: all departments Outside CVS Health: patients, customers and plan members	PR8 Customer Privacy Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
Labeling and Transparency	Within CVS Health: CVS/pharmacy, CVS/caremark, CVS/specialty Outside CVS Health: patients, customers and plan members	PR3 Product and Service Labeling Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements
Packaging	Within CVS Health: all departments Outside CVS Health: patients, customers and plan members	EN2 Materials Percentage of materials used that are recycled input materials
Patient and Customer Safety	Within CVS Health: CVS/pharmacy Outside CVS Health: manufacturing suppliers, vendors	PR1 Customer Health and Safety Percentage of significant product and service categories for which health and safety impacts are assessed for improvement

CSR Material Topics	Aspect Boundaries	Material Aspects and Reported Indicators	
Political Disclosure	Within CVS Health: all departments	S06 Public Policy	Total value of political contributions by country and recipient/beneficiary
Prescription Drug Abuse and Disposal	Outside CVS Health: N/A	EN28 Products and Services	Percentage of products sold and their packaging materials that are reclaimed by category
Product Ingredients	Within CVS Health: CVS/pharmacy	EN27 Products and Services	Extent of impact mitigation of environmental impacts of products and services
Tobacco Cessation	Outside CVS Health: manufacturing suppliers, vendors	EC8 Indirect Economic Impacts	Significant indirect economic impacts, including the extent of impacts
Waste	Within CVS Health: CVS/pharmacy, CVS/minuteclinic	PR6 Marketing and Communications	Sale of banned or disputed products
Water	Outside CVS Health: patients and customers, local communities	EN23 Effluents and Waste	Total weight of waste by type and disposal method
Within CVS Health: CVS/pharmacy	EN8 Water	Total water withdrawal by source	
Outside CVS Health: N/A			



Stakeholder Engagement

We believe engaging stakeholders is key to the successful development, execution and evolution of our CSR strategy, and helps us identify emerging issues that may require us to respond. We seek to engage with stakeholders who are aligned with our goal of increasing access to health care, improving health outcomes and lowering overall health care costs. We also actively engage with those who are closest to us — our employees, customers and clients, suppliers and vendors, investors, and local communities. Most of our engagements are ongoing and occur through the natural course of conducting and growing our business.

The other type of engagement is typically issue-specific and more direct. Over the past two years, especially as we have been honing our CSR strategy, we engaged a number of key stakeholders to gain valuable external perspective. A few examples of engagements from the past two years, and the related outcomes, include:

- We conducted a multi-city listening tour to gain insights from tobacco control, smoking cessation, and health organizations on best-practices in smoking cessation and prevention as well as market trends in the area of tobacco use. We used their feedback to inform the development and launch of our 2014 smoking cessation programs.
- A shareholder group raised questions about patient and customer privacy protections at CVS Health. We provided information to them on

our practices and will update the information in our CSR Reports as our programs evolve.

- As a new member of Ceres, a number of engagements took place, including a dialogue between CVS Health's CEO and the CEO of Ceres. It was an opportunity to reaffirm our commitment to sustainability and environmental responsibility.
- Advocates for the development and disposal of safe cosmetics expressed concerns about the use of chemicals in the personal care products we sell and encouraged us to consider adopting a restricted substances list. We disclose the chemical substances that have been, or are being, phased out of our personal care products in this report.
- We provided a location for local law enforcement to take back prescription drugs on DEA designated “Drug Take Back” days. This ensures the safe disposal of prescription drugs, which is one way to take drugs that could potentially be abused out of the system. This led us to create a community donation program that provides drug collection receptacles to local police departments and allows citizens to properly dispose of their expired medications, including controlled substances.
- An interfaith-based institutional investment group submitted a shareholder resolution for our 2014 annual meeting requesting that we provide further disclosure of our lobbying activities. After discussing the group's concern, we realized we were already sharing what they had requested, but the information was difficult to find. We have updated our website to make this information more accessible. The proposal was withdrawn prior to the annual meeting.

Types of Ongoing Engagement with Key Stakeholder Groups

Employees

Annual employee engagement surveys, focus groups, newsletters, intranet, magazine, community projects

Non-Governmental Organizations

Conferences, roundtables, strategic partnerships

Suppliers

Procurement contracts, Supplier Compliance Program

Clients

Dedicated client sales and account teams

Investors, Shareholders, Analysts

Annual Report, Annual Analyst/Investor Day, Annual Stockholders Meeting, quarterly conference calls, meetings and conferences, investor website

Consumers

Pharmacy and medical services and interactions, consumer surveys, customer relations hotlines, social media, websites

Local Communities and Civic Organizations

Community engagement programs, volunteering, board memberships, event participation, speeches

Trade and Industry Associations

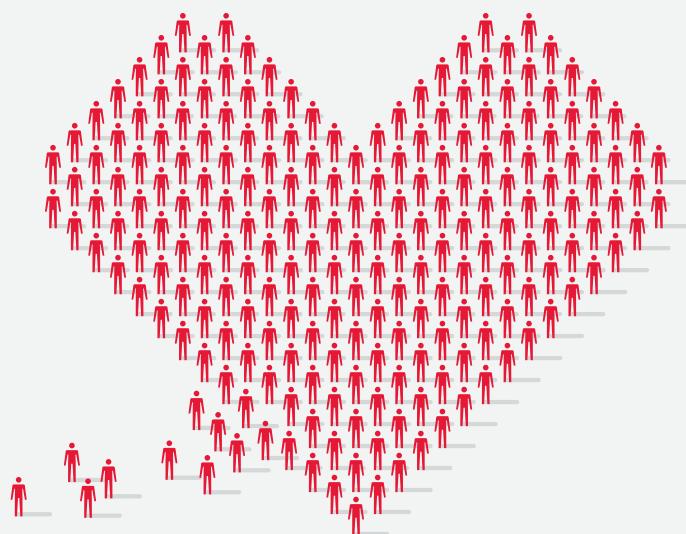
Meetings, conferences, reports, collaboration on industry issues

Government and Regulatory Authorities

Briefings, meetings, regulatory filings

Media

Press releases, social media, websites



We engaged a number of key stakeholders to gain valuable external perspective.



Health in Action

The United States health care landscape is experiencing transformative change: an aging population, a rise in the prevalence of chronic disease, the increased prevalence and high cost of specialty medications and a surge in Americans gaining access to health care coverage — more than 30 million additional people expected by 2018. This confluence of factors, together with a shortage of primary care physicians, is testing our health care system and challenging it to improve health outcomes while also lowering costs.

We believe CVS Health can play a leadership role in addressing that challenge. We demonstrated this in 2014 when we removed cigarettes and tobacco products from our store shelves. As America's largest integrated pharmacy innovation company, we believe our leadership is also evident in numerous, less public, ways. We conduct our business with a focus on delivering high-quality care, proactively engaging patients to support their well-being, and providing philanthropic support to partner organizations that share our interests and aspirations.

Our approach is described in our *Prescription for a Better World*, a strategic framework that includes a commitment to make community health and wellness central to our charge for a better world.

We have defined our strategic priorities in the following areas:

- Accessible and affordable health care
- Support for patients with chronic diseases
- Patient and customer well-being and safety

Accessible and Affordable Health Care

CVS Health understands that people who want to be well need straightforward solutions to help them on their path to better health. We are offering those solutions by changing the way health care is delivered to increase access, lower costs and improve quality for our patients and customers. Our pharmacists and nurse practitioners provide expert care through a variety of options that support affordable health care, medication advice and adherence, chronic condition monitoring and wellness support. This expert care is provided in our 7,800 retail pharmacies and 970 walk-in medical clinics located close to patients' homes and linked to primary health care systems.

Goal: Reach more people with affordable health care options

CVS Health provides a number of programs and initiatives to help people access the affordable health care they need. In this section, we describe some of these, including how our pharmacists advocate on behalf of patients, our philanthropic initiatives that connect people with limited access to health care services, and the expansion of MinuteClinic and its Telehealth services.

Pharmacists as Advocates for Affordable Options

As part of our commitment to high quality patient care, our pharmacists counsel patients face-to-face on all aspects of pharmacy health, including how to take medications properly, the importance of adhering to prescribed dosages and schedules, and effective drug alternatives that can help reduce medication costs. Through our Pharmacy Advisor® program, they also work closely with patients with certain chronic conditions, providing medication information, identifying gaps in care

and championing adherence. More detail on this program is here.

Project Health Expands Health Screenings to 27 Cities

CVS Health is committed to helping improve access to health care for all Americans, including those who may not have the resources to pay for medical care. Our Project Health initiative has been successful in connecting people with limited access to preventive health care services. Originally launched in 10 U.S. cities, in 2014 Project Health expanded into

17 additional markets. From January through March and in November and December 2014, we hosted 750 events in 591 CVS/pharmacy locations. Project Health offered free health services, including health screenings, health insurance education, consultations with a CVS pharmacist and nurse practitioner and medical referrals to nearby no-cost or low-cost medical facilities. In addition, 4,032 patients were provided free smoking cessation support. In total, more than 83,000 patients received free health services valued at \$8.3 million in 2014. Since 2006, Project Health



has delivered more than \$81 million worth of free health care services to nearly 852,000 patients.

Philanthropic Support to Improve Access to Health

Health in Action focuses on improving patient outcomes and providing quality, affordable, and accessible health care to the people and communities we serve. We deliver on these priorities through our services and product offerings and our integrated business model as well as our philanthropic support. In 2014, we delivered more than \$90 million in charitable donations, volunteer hours, employee and in-store fundraising, gifts-in-kind and community investments.

We continue to advance our purpose of helping people on their path to better health through our philanthropic support and funded increased access to health care for underserved populations, innovative approaches to chronic disease management and other initiatives focused on improving overall health outcomes and reducing health care costs. We focus our giving in the areas of:

- Smoking cessation and anti-tobacco programs
- Enhanced coordinated care models to help improve health outcomes
- Routine medical care, such as flu shots, eye exams, dental screenings and mental health support
- Community-based initiatives focused on the treatment and management of chronic illnesses

In April 2014, the CVS Health Foundation, a private foundation established by CVS Health, announced 70 grants totaling \$5 million to increase access to health care through free and charitable clinics, school-based health centers and community health centers. Grant recipients will help increase access to health care and coordinated care to improve health outcomes for people of all ages across the country through a variety of measures.

This was the third year we have been affiliated with the National Association of Community Health Centers and our second year with the National Association of Free & Charitable Clinics and the School-Based Health Alliance. Through these relationships, the

70 grants
were awarded by CVS Health Foundation, totaling
\$5 million

CVS Health Foundation provides support to survey grantees to identify challenges in patient care, monitors progress and the impact of health care services, and uncovers best practices in smoking cessation to discover key trends in health care access, as well as developing an understanding of the evolving health care needs in local communities. Results of these affiliations to date have included helping patients at nearly 150 community health organizations nationwide and increasing access to health care services for more than 23 million patients nationwide.

We also helped patients gain access to affordable health care services in 2014 through a relationship with Direct Relief USA, by providing \$1 million in flu shot vouchers to community health clinic



patients in underserved communities who lack health insurance. Nearly 100 participating clinics in Direct Relief's network identified uninsured individuals from their existing patient populations, and provided them with a flu shot voucher that was redeemable at any CVS/pharmacy or MinuteClinic location in 14 metropolitan areas.

In 2014, we aligned our support with our commitment to help people lead tobacco-free lives and provided more than \$2 million in grants through our company and our foundation for tobacco cessation and prevention programs. The grants were distributed to leading health care and community partners working to promote tobacco-free communities, programs that help people to quit smoking and encourage those who do not smoke to never start. Among the awards were funds to support quit lines operated by National Jewish Health and the American Lung Association as well as a multi-year, multi-million dollar relationship with the Campaign for Tobacco-Free Kids to reduce tobacco use among youth.

To further extend this commitment, we also launched two new in-store fundraising campaigns at CVS/pharmacy. The spring campaign supported the American Lung Association's LUNG FORCE initiative focused on raising awareness of lung cancer as the leading cancer killer in women. According to the American Lung Association's inaugural Women's Lung Health Barometer, a survey of more than 1,000 American adult women that measures women's knowledge and perceptions about lung cancer, women's awareness of lung cancer's impact is terribly low. Lung cancer is the leading cancer killer of women, yet only 1% of women cite it as a cancer that is top-of-mind. Hundreds of thousands of women are affected by lung cancer every year, and two-thirds of lung cancer cases are in those who have never smoked or have successfully quit smoking. The Barometer also revealed 78% of women are not aware that lung cancer has killed more women than breast cancer since 1987.

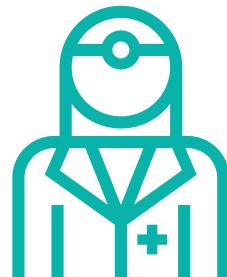
CVS Health signed on as the title sponsor of the LUNG FORCE initiative with a three-year, \$6 million commitment to make lung cancer in women a public health priority, drive policy change and increase research funding. Through LUNG FORCE, CVS Health and the American Lung Association are uniting women against lung cancer and for lung health, and encouraging them to raise their voices for change. CVS Health colleagues and customers raised more than \$3.6 million for LUNG FORCE through the 2014 campaign.

Also in 2014, CVS Health announced a three-year, \$10 million commitment to support Stand Up To Cancer — including a fall in-store fundraising campaign which raised more than \$3.6 million. Stand Up To Cancer (SU2C) raises funds to accelerate the pace of research to get new therapies to patients quickly and save lives now. SU2C funds collaborative research models called "Dream Teams" where teams of investigators at different institutions and across multiple

disciplines work together to translate their research from the laboratory to the patient to save lives now. There are twelve Dream Teams and two Translational Research Teams made up of talented scientists from across disciplines, institutions, countries and specialties. These Dream Teams come together in the spirit of collaboration, innovation and acceleration to compete against cancer instead of each other, to move research from bench to bedside to benefit patients more quickly. Each team in its own way is changing the face of cancer research and pushing the dream of ending cancer closer to reality.

As SU2C's scientific partner, the American Association for Cancer Research (AACR) and a Scientific Advisory Committee led by Nobel Laureate Phillip A. Sharp, Ph.D.,

conduct rigorous, competitive review processes to identify the best research proposals to recommend for funding, oversee grants administration, and provide expert review of research progress. CVS Health is a proud partner of SU2C in advancing innovative cancer research.



MinuteClinic Expands Health Care Accessibility

MinuteClinic, which provides high-quality, accessible medical care and wellness support in CVS/pharmacy locations, is another core component in our strategy to reach more people with affordable health care options.

In 2014, we expanded our network to 970 MinuteClinic locations in 31 states, adding 175 new locations — including new markets in St. Louis, Memphis and the state of Rhode Island — with 2,700 nurse practitioners and physician assistants reaching close to half a million patient visits across these markets. MinuteClinic is on track to meet its goal of providing health care access through 1,500 clinics across 35 states by 2017.

MinuteClinic addresses acute needs related to common family illnesses, as well as chronic conditions and wellness needs such as vaccinations and preventive screenings. In 2014, in concert with our announcement to stop selling cigarettes, MinuteClinic expanded its existing smoking cessation programs, partnering with many of our affiliates to implement complementary initiatives. In addition, we added services to screen for

A MinuteClinic Success Story

This story comes from a letter received from a patient. Names and identifying details have been changed to protect our patient's privacy.

A grateful mother shared her gratitude for a MinuteClinic Physician's Assistant who helped her daughter get treatment for a heart condition. The patient had come to MinuteClinic for a routine strep test but due to an elevated heart rate the Physician's Assistant recommended the patient go directly to the ER. Thanks to this guidance, the patient was able to get the special care she needed and ultimately underwent a necessary corrective heart procedure.



970
existing locations

31
states

175
new locations



hypertension and for patients experiencing dental pain. Our dental program includes clinical assessment and treatment and a connection to professionals in the dental community if needed.

MinuteClinic accepts nearly every type of insurance, locations are open seven days a week including evenings and holidays, and patients are seen on a walk-in basis. Since it first opened in 2000, MinuteClinic has provided care through 24 million patient visits, with a 94% customer satisfaction rating. CVS/minuteclinic is the only retail health care provider to receive three consecutive accreditations from The Joint Commission, which is

the U.S.'s pre-eminent evaluation and certifying agency for nearly 20,000 health care organizations and programs nationwide.

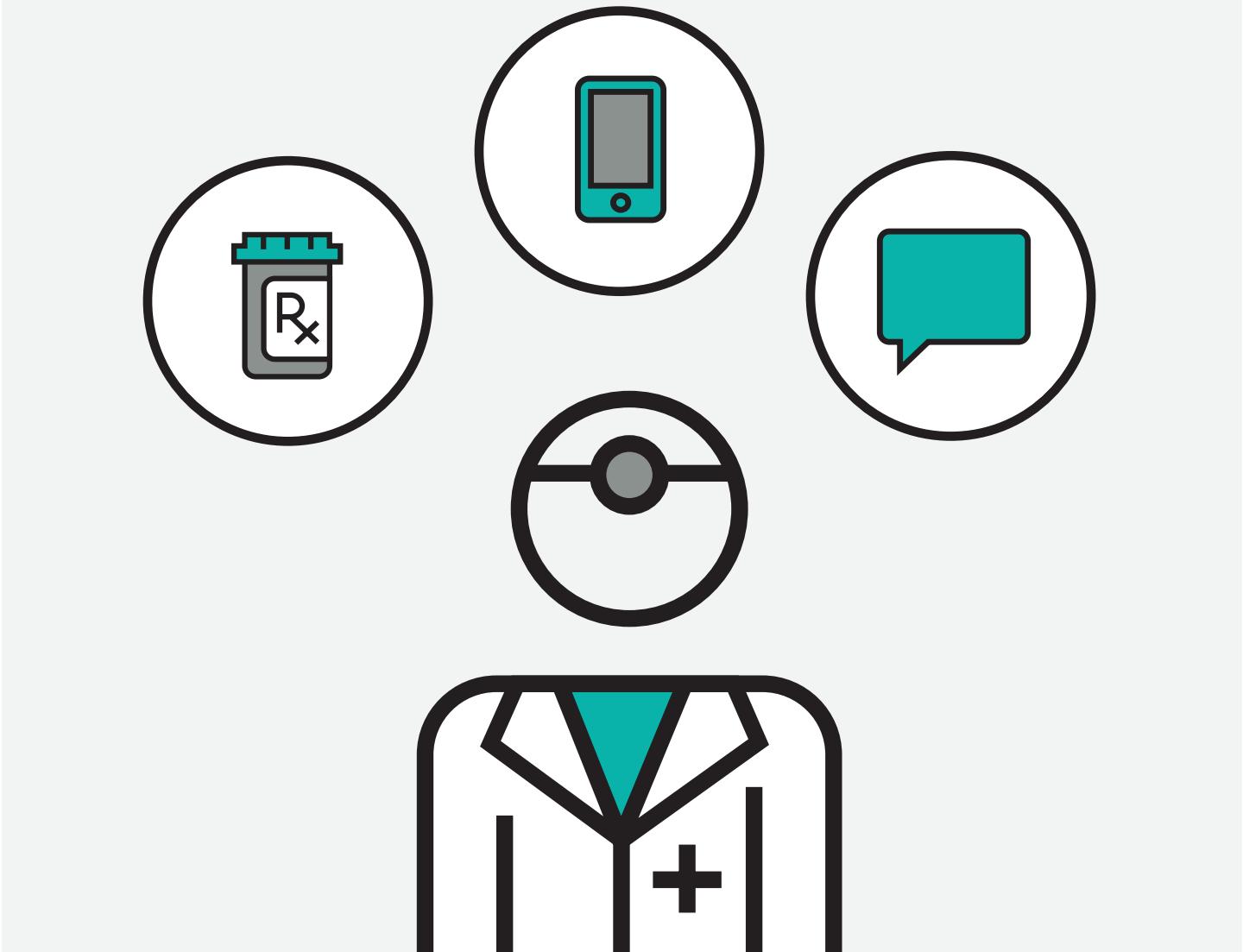
Telehealth Builds Remote Access

Telehealth is experiencing high growth, as consumers and providers experience its value in helping ensure access to primary care, particularly in rural areas. In 2014, MinuteClinic expanded this service in two states. Through the program, a MinuteClinic licensed vocational nurse is able to connect remotely to a nurse practitioner at another clinic within the state to better manage patient

24M
MinuteClinic patient visits

94%
customer satisfaction
since MinuteClinic
opened in 2000

loads. In 2014, the program managed 7,300 visits, with 94% of patients reporting a “very satisfied” rating with their Telehealth experience.



Goal: Expand network of integrated care

We understand that patient care is most effective when done collaboratively with primary care providers in the communities where patients live and work. We continue to enhance patient care by expanding our affiliations with health systems across the country.

Enhancing Integrated Care through Partnerships and Technology

We believe that as MinuteClinic grows, it offers an effective way to address the unmet needs of the millions of patients in America who do not have a primary caregiver. To support continuity of patient care, we are building affiliations — almost 50, including 19 added in 2014 — with medical care partners and health systems around the country. Through

our affiliations, eligible patients receive access to clinical support, medication counseling, chronic disease monitoring and wellness programs at MinuteClinic locations. MinuteClinic also provides clinical prescription and visit information to a patient's primary health system through the integration of a secured electronic medical record (EMR) system that allow the secure exchange of patient records among medical providers.

In 2014, we enhanced the continuity of care within our network with our transition to EpicCare, the most widely used EMR system in the U.S. When fully implemented in 2015, EpicCare will support MinuteClinic's evidence-based model of care and connect with affiliated health systems, hospital networks and physician groups nationwide. As MinuteClinic adds affiliated health systems, it plans to integrate EMR systems to streamline communications.



Goal: Provide educational resources to underserved patients

The health care system in the United States is complex and can be difficult to navigate. At CVS Health, we have expanded the educational resources available for customers, including information on health care insurance options as well as health care apps to help patients adhere to their treatment programs.

Medicare: Helping Seniors Choose Affordable Coverage

CVS Health is committed to helping Americans understand and choose the health insurance coverage that is best for them and their families. Whether changing a Medicare Part D prescription drug plan or choosing one for the first time, it is important for patients to consider their annual costs, including deductible, premium and co-payments, which plans cover the prescriptions they are taking, any out-of-pocket expenses, and if their pharmacy is included in the plan.

In 2014, as part of our Annual Enrollment Period information support, we provided our senior patients an easy way to compare Medicare Part D plans. Annual Enrollment is the one time each year that most Medicare beneficiaries can review their current prescription coverage and enroll in a new plan for the next year. Because Medicare Part D plans change every year and people's prescription needs may also change, comparing Part D plans may save patients hundreds of dollars. All CVS/pharmacy locations nationwide were able to provide eligible patients a personalized Medicare Part D plan comparison in minutes based on the prescriptions they filled at CVS/pharmacy. Patients also had the option to

conduct their plan comparison online at www.cvs.com/medicare or by calling CVS/pharmacy customer care.

We recognize that Medicare Part D beneficiaries see great value in having one-on-one consultations with health insurance experts to understand their options. In 2014, CVS Health provided space for sponsors to conduct nearly 8,500 retail events that provided these customers access to Medicare Part D experts.

Among the Medicare Part D plans available to Medicare beneficiaries include stand-alone Medicare prescription drug plans offered by SilverScript® Insurance Company. SilverScript has offered Part D plans to Medicare beneficiaries since the Part D program began in 2006 and serves more than 4 million members.

Health Insurance Marketplace

To help customers understand their health insurance options, we provided space for more than 5,400 retail events that offered customers one-on-one consultations with experts on the health insurance Marketplace (formerly known as "exchanges"), and provided educational materials on Medicare and the Marketplace both in store and online at CVS.com/insurance.

We also introduced Bill Pay, a cash-based premium payment solution that serves as an alternative payment solution to Marketplace customers who may not have access to traditional banking services. CVS/pharmacy is the first chain pharmacy to offer this barcode-based solution.

Health Care Apps

In 2014, we continued to pilot digital tools, including reminder devices and mobile apps, to help patients adhere to their medications. We unveiled some of these in early 2015, with the launch of our enhanced CVS/pharmacy mobile app. The app lets users perform key pharmacy and shopping tasks from anywhere, including:

- Refilling prescriptions
- Finding a nearby MinuteClinic, including the services provided and insurance accepted at each location
- Checking whether a prescription has potentially adverse reactions with other medications or over-the-counter products, foods, or lifestyle influences, such as sun exposure
- Distinguishing medications with a pill identifier that uses information such as shape, color and imprint

Support for Patients with Chronic Diseases

About half of all American adults suffer from one or more chronic conditions, such as heart disease, diabetes, asthma, arthritis and obesity. According to the Center for Disease Control, chronic conditions are the "most common, costly and preventable of all health problems" in the U.S. They are also the country's leading cause of death and disability. With the aging boomer population upon us, the strain on health care from chronic conditions is expected to rise sharply.

So, too, are costs. Chronic conditions currently account for three of every four dollars spent on health care, a factor of their prevalence and the spiraling cost of specialty drugs to treat them. Specialty spending is expected to quadruple by 2020, reaching more than \$400 billion per year. The rising costs are compounded by the significant number of patients who do not take their medications as prescribed and the nearly \$300 billion each year in unnecessary and avoidable costs associated with medication non-adherence.

At CVS Health, we understand the challenges related to chronic disease prevention and management as well as medication adherence. We are committed to applying our health care expertise and medical affiliations to continue to develop ways to support patients with chronic disease, help them adhere to their medications and help achieve better health outcomes.

Goal: Expand chronic disease management services

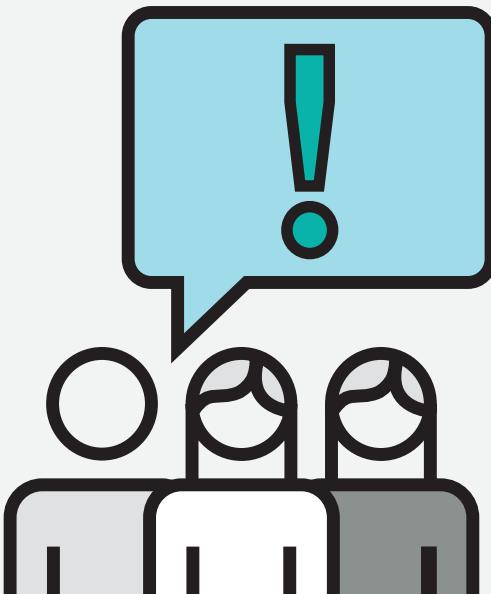
At CVS Health, we know that patients suffering from chronic diseases tend to do better when they have support. We are providing patient support through our Pharmacy Advisor program, MinuteClinic resources and, with our 2014 acquisition of Coram, the specialty infusion business.

Pharmacy Advisor: Helping Patients Manage Chronic Disease

Pharmacy Advisor is CVS Health's integrated pharmacy-based program to help people manage their chronic conditions and achieve

better health outcomes. Through the program, we connect eligible patients with pharmacists, allowing them to communicate with their physicians, either in face-to-face conversations, when patients fill prescriptions in person or by phone,

or by phone when they choose mail service pharmacy. Pharmacists are able to counsel patients directly, helping them stay on their prescribed medications, identifying gaps in care and intervening to help prevent complications. In addition to improving



medication adherence, the program also directs members with certain chronic conditions to existing disease management programs where they can obtain additional support.

Launched by CVS Health in 2011 to support diabetes patients, the program has expanded to cover four conditions of chronic cardiovascular care (high blood pressure, high cholesterol, coronary artery disease and congestive heart failure) as well as asthma, breast cancer, chronic obstructive pulmonary disease, depression and osteoporosis. Our Pharmacy Advisor counselors delivered 7.2 million interventions in person and by telephone last year, which made demonstrable improvements in patient health and medication adherence.

Helping Patients with Weight Management and Chronic Disease Monitoring

MinuteClinic locations offer a variety of monitoring programs for chronic diseases, including diabetes, high cholesterol and high blood pressure. In addition, the MinuteClinic Weight Loss Program offers patients a method to lose weight by making healthy choices. A trained practitioner helps individuals develop a personalized plan,

set realistic goals and stay on the path to a healthier lifestyle. MinuteClinic has partnered with DASH for Health™ to create its program.

Improving Delivery of Specialty Medications

With the acquisition of Coram specialty in 2014, CVS Health now has the resources to more effectively manage the cost and application of specialty drugs, including infused therapies. For patients this can often mean better clinical outcomes with lower total health care costs.

Coram infusion services provides a comprehensive offering of infusion therapies, including anti-infective services, parenteral nutrition and enteral nutrition (tube feeding), cardiac/inotropic therapies, immunoglobulins (IVIg and SC Ig), Alpha-1 therapies, pain and palliative care services, and hydration therapy. Fully accredited by The Joint Commission, Coram has more than 86 locations across the country, including 70 infusion suites, offering individual patient counseling, education and skilled nursing services for in-home infusion care. In 2014, we piloted in-store infusion suites at select



Specialty drug spending is expected to quadruple by 2020, reaching more than

\$400 billion per year

CVS/pharmacy locations in California and Texas. We plan to review the results of this pilot in 2015 and then will decide next steps.

Our goal is to increase medication adherence by 5–15% by 2017 by shifting in our approach to managing the pharmacy patient, not just in how we fill prescriptions.



Goal: Help improve health outcomes

At CVS Health, our aim is to improve the health outcomes of everyone we serve — either directly or indirectly.

Medical non-adherence statistics are startling:

- One in four patients who receive a prescription will never fill it
- One in three who start a maintenance prescription will discontinue treatment before their first refill
- Three of four people will stop taking their medications within the first year of starting their treatment or will not take it as prescribed

Non-adherence of essential medications costs the U.S. health care system about \$300 billion annually. But more than that, non-adherence is a frequent cause of preventable hospitalizations.

For the past several years, CVS Health has been at the forefront of efforts to address adherence. Our goal is to increase medication adherence by five to 15% by 2017 by shifting in our approach to managing the pharmacy patient, not just in how we fill prescriptions. We are doing this through a number of programs that support medical adherence, including Pharmacy Advisor®, Maintenance Choice®,

Report on Adherence

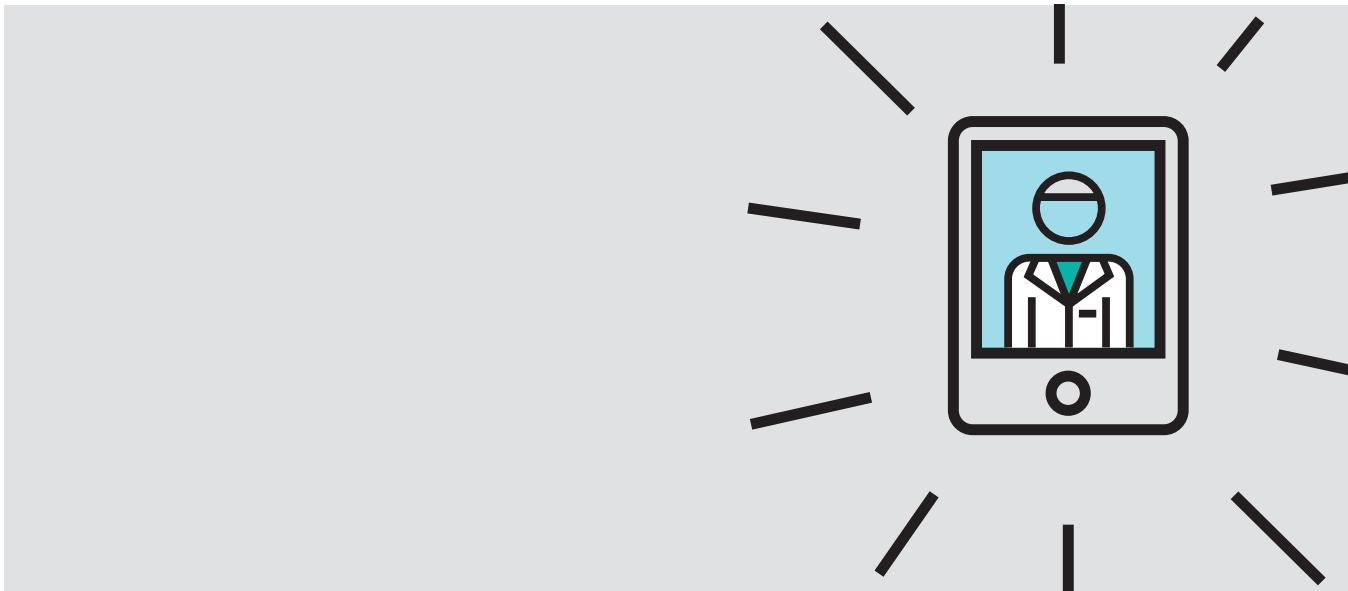
For the past several years, CVS Health has been at the forefront of efforts to improve adherence. Through research collaborations with respected academic organizations such as Harvard University, Brigham and Women's Hospital in Boston and the University of Pennsylvania, CVS Health has published or presented more than 50 adherence-focused papers in peer-reviewed journals and at clinical conferences. These research collaborations have yielded valuable insights into why people do not take their medication as prescribed, and set the stage for the development of innovative programs that target the adherence challenge.

Specialty Connect™ and One-Time Medication Renewal.

Helping to Improve Medication Adherence

The Pharmacy Advisor program, described earlier, offers personalized one-on-one counseling that has been highly effective in helping non-adherent

patients change their behavior. This program is complemented by Maintenance Choice, a program that gives eligible PBM members the option of picking up their 90-day maintenance prescriptions at a CVS/pharmacy location or receiving them through the mail. Maintenance Choice has helped drive significantly higher adherence rates among eligible members.



17M

CVS/caremark PBM members were enrolled in Maintenance Choice at the end of 2014

More than 17 million CVS/caremark PBM members were enrolled in Maintenance Choice at the end of 2014.

Specialty Connect fills a similar unmet need for greater convenience and access to specialty medications. Patients can choose to pick up their specialty medications at their local CVS/pharmacy or have them mailed to their homes from our specialty mail order pharmacies. No matter which method they choose, patients receive the same clinical, financial and logistical support from our therapy-specific specialty care teams.

In addition, our One-Time Medication Renewal program is designed to close the gap for patients who do not have a physician or are unable to get a maintenance prescription renewed when they need it. We are able to do a low-cost, focused assessment at a MinuteClinic location and provide the patient with a 90-day prescription

to support adherence to their medication until they are able to follow up with their primary care provider.

We are also able to support patients through new technologies. For example, with 60% of prescriptions now submitted electronically, CVS Health's Electronic Medical Records (EMR) system creates a digital trail that helps us identify patient non-adherence and gaps in their medication therapies to follow-up with support adherence. Using this technology, we sent 14 million adherence text messages to patients in 2014.

In its Fall 2014 issue of Insights, CVS Health featured some of the key findings identified in its research on adherence, why it is so hard and what can potentially be done to improve it. The publication also highlights some of the adherence solutions we are currently developing and testing based on the company's research findings. These include:

- A prescription synchronization program that allows patients to pick up all of their medications in one pharmacy visit
- Easier-to-understand drug information and instructions through bigger labels and graphics

- Digital reminders to help patients track and adhere to their medication schedules

Supporting Employee Wellness

In June 2014, CVS Health made a suite of MinuteClinic services available to employees, including smoking cessation and a weight loss program. By year-end, nearly 1,000 colleagues had accessed the services.

CVS Health believes that wellness is as important for our colleagues as it is for patients and customers. That's why we have invested in resources that encourage our colleagues to embrace their health and arm them with tools that help them get and stay healthy. CVS Health's comprehensive WellRewards program helps colleagues improve their well-being with a host of programs, including preventive screenings, flu shots, smoking cessation, weight management, health coaching, health management for chronic and rare conditions, EAP life services and maternity management. CVS Health offers team-based walking programs and healthy dining options in campus cafeterias, which make it easier for colleagues to make healthy choices. Additionally, all corporate campuses are tobacco-free.



In 2014, CVS Health
was honored for
the sixth consecutive
year with the

Best Employers for Healthy Lifestyles Award

from National Business
Group on Health

CVS Health
also received a

Gold Award

for WellRewards,
its employee
wellness program

Patient and Customer Well-Being and Safety

At CVS Health, the health and well-being of our patients and customers is our number one priority. We are focused on creating a place where patients receive expert care and counsel and on ensuring the quality and safety of our products and dispensed medications.

Goal: Use best-in-class technology and processes in all prescription dispensing to help ensure the highest quality of care

Ensuring patient safety is our highest priority. Over the past several years, we have made significant investments in our people, processes and technology to help ensure that the prescriptions we fill are dispensed safely and accurately. These include enhancements to our already robust quality assurance systems, improved access to drug information and the assurance of independent accreditation.

Enhancing Prescription Accuracy, Safety and Effectiveness

All of our pharmacy operations, including the pharmacies in our retail stores, our mail order services and our specialty pharmacies, follow comprehensive quality assurance processes. Every prescription we fill goes through a multi-step review by a pharmacist before it is dispensed to a patient.

Our pharmacy teams are comprised of highly trained technicians led by pharmacists who are licensed professionals dedicated to providing

high-quality care. In our retail pharmacies, well-defined processes are in place to help ensure accurate dispensing. These include on-screen computer messaging, bar-coded prescription labels, electronic prescribing, automated prescription filling technology, electronic pill imaging and quality assurance training for all pharmacy staff.

Our mail order and specialty pharmacies also utilize extensive quality control measures when dispensing medications, including enhanced quality control, electronic imaging, quality procedures for

2014

CVS/pharmacy received a Community Pharmacy accreditation from URAC, the first retail pharmacy in the U.S. to earn this distinction

compounded prescription items, drug utilization reviews and final quality assurance checks. In addition, at our specialty pharmacies we

have a further comprehensive review process for medication appropriateness. We also conduct a complete patient assessment to help prevent safety, administration or efficacy issues with the prescribed medication.

Advancing Quality Assurance with WeCARE

In 2014, we advanced quality assurance within WeCARE, CVS Health's proprietary retail pharmacy workflow process, through the introduction of two new improvements. The first is a modification to our RxConnect dispensing system that provides enhanced functionality regarding high dose drug alerts and other critical clinical decision-making information for our pharmacists.

We also augmented our WeCARE workflow process through the introduction of the Production Safety Zone. We've re-engineered our process and procedures during the prescription filling phase to ensure the highest levels of quality assurance.

Dedicated to Continuous Patient Safety Improvement

Across our enterprise, our Patient Safety team regularly analyzes our systems and processes to identify opportunities for continued refinement. The team is also responsible for testing and monitoring the impact of any changes in our processes to help ensure that patient safety is never compromised. Our objective is to provide our pharmacists with the tools and training they need to help ensure prescription accuracy.



Improving Access to Drug Information

Providing patients prescription label information through audio, large print and Braille is an important tool to enhance the safety and independence of customers who are blind or visually impaired. In 2014, CVS/pharmacy introduced a talking prescription label called ScripTalk. Early in 2015, CVS/caremark augmented its accessibility platforms with the ScripAbility prescription system, providing Braille and large print label formats to members through its mail service pharmacy. CVS Health developed the tools in collaboration with the American Council of the Blind and CVS/caremark members.

Community Pharmacy Accreditation

In 2014, CVS/pharmacy received Community Pharmacy accreditation from URAC, becoming the first pharmacy in the U.S. to earn this distinction. The accreditation applies to all CVS/pharmacy and Longs Drug Store locations.

With more than 30 accreditation programs that it administers, URAC, an independent, non-profit organization, is the leading U.S. health care accreditation organization for quality standards. The Community Pharmacy Accreditation Program was developed to set consistent benchmarks and standards for pharmacy practice quality. The accreditation recognizes leadership in comprehensive patient care and medication management programs, as well as quality and patient safety. To achieve Community Pharmacy accreditation, CVS/pharmacy underwent a rigorous evaluation process to validate the quality of the care and services it provides to its patients, including patient-centered medication management, wellness services, and preventative and chronic disease management.

CVS Health is now accredited in five of URAC's programs for Pharmacy: Community Pharmacy, Pharmacy Benefit Management, Drug Therapy Management, Specialty Pharmacy and Mail Service Pharmacy.



Goal: Improve offerings of healthy products in-store

To ensure we are delivering on our purpose of helping people on their path to better health and to meet the changing needs of our customers, we are expanding our selection of “Better for You” choices in both CVS Brand lines and national brands. By offering healthy food and snack options as well as in-store signage at our 7,800 retail drugstores, we are supporting our customers in meeting their individual health goals.

Introducing Healthy Food and Snack Options

Our new product line Gold Emblem Abound™, a brand extension of our popular proprietary food product label, represents one of the ways we are addressing this goal. Gold Emblem Abound currently includes more than 40 wholesome snack choices, ranging from snack bars to dried fruit to rice chips, each free of artificial flavors and preservatives, and each having other beneficial ingredients or characteristics.

Fit Choices™ is another. Introduced in 2014, Fit Choices is an in-store

signage program designed to help shoppers find food and snack items that suit their individual dietary needs, including Healthy Heart, Sugar Free, Gluten Free and Organic categories.

In 2015, in a complementary program reflecting our commitment to a planet in balance, we are introducing the Seventh Generation household product line in more than 450 select CVS/pharmacy locations. Seventh Generation is a leader in household and family products that are developed with sustainability in mind.



40+
wholesome
snack choices

Goal: Help to prevent prescription drug abuse

Prescription drug abuse is a national issue that damages or destroys countless lives and requires millions of dollars of unnecessary health care costs every year. CVS Health believes that prescription drug abuse threatens the health and well-being of the communities where we and our customers live and work. We think we can have an impact by identifying and working with allies and partners to bring about lasting, systemic changes. We also believe this is the right thing to do for our customers and patients. Our 24,000 pharmacists have a professional duty to make sure medications are not being inappropriately prescribed or used improperly. We do this by partnering with organizations like The Partnership for Drug-Free Kids and supporting National Prescription Take Back Days at CVS/pharmacy locations.

Supporting Drug Take Back Programs

CVS/pharmacy is a founding sponsor of The Partnership for Drug-Free Kids Medicine Abuse Project, a multi-year initiative to prevent a half-million teenagers from abusing prescription medication by the year 2017. To support this work, we launched the CVS/pharmacy Medication Disposal for Safer Communities Program in late 2013. The program is designed to help police departments hold local Prescription Drug Take Back events and raise community awareness of local drug disposal programs managed by law enforcement. In 2014, as part of this initiative and in collaboration with The Partnership for Drug-Free Kids, we created an innovative community donation program that awarded drug collection receptacles to local police departments to help their communities safely dispose of unwanted medications, including controlled substances. In 2014, 275 permanent drug disposal sites across the country were established through this program.

CVS/pharmacy has also been a strong supporter of National Prescription

Drug Take Back Day, which has been held twice yearly to provide a safe, convenient and responsible means to dispose of expired or unwanted prescription drugs. It has also been an opportunity to educate the public about the potential for abuse of medications. In 2014, we hosted more than 400 drug take back events at CVS/pharmacy locations. This was part of a national effort in which law enforcement collected a total of 1.4 million pounds of medication from various sites across the country.

CVS Health is committed to continuing to work to expand access to safe and responsible options for the disposal of unwanted prescription drugs in the communities that we serve. This includes evaluating new solutions as well as the recently enacted federal regulations, which increase the options people have to properly dispose of controlled medical substances.

We are also supporting efforts to expand the availability and distribution of naloxone, an important emergency medication used to reverse the effects of an opioid overdose. State-specific programs allow pharmacists to



275
permanent drug
disposal sites were
established in 2014

dispense naloxone without a prescription through a Collaborative Practice Agreement with physicians. All CVS/pharmacy stores in the state of Rhode Island have an agreement in place, which we plan to implement in Massachusetts in 2015, and we expect that other state programs will be added in the future.

Goal: Help people lead tobacco-free lives

In 2014, CVS Health stopped selling cigarettes and tobacco products at all of our CVS/pharmacy and Longs Drugs locations nationwide. Our reason was straightforward: The sale of tobacco is inconsistent with our corporate purpose of helping people on their path to better health.

Smoking remains a critical public health issue: Some 16 million people in the U.S. already have at least one disease from smoking, and each year approximately 480,000 die from smoking or exposure to secondhand smoke. The annual cost of smoking in the U.S. tops \$300 billion.

16M
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from smoking

480K
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smoke each year

\$300B
annual cost of
smoking in the U.S.

As the first national pharmacy chain to eliminate cigarettes and tobacco from our stores, our decision was a declaration of support for the well-being of patients and customers. It is also consistent with positions taken by the American Medical Association, American Heart Association, American Cancer Society, American Lung Association and American Pharmacist Association — all of which have publicly opposed tobacco sales in retail outlets with pharmacies.

We supported our decision with a number of programs, including expanding our smoking cessation programs, conducting a symposium of senior officials to advance research partnerships and providing philanthropic support.

Helping Smokers Quit

As part of our commitment to transition out of tobacco and cigarette sales, we launched a very successful national smoking cessation program in September 2014 to help the seven in ten smokers who want to quit. Our comprehensive and personalized smoking cessation program is a joint effort of CVS/pharmacy, CVS/minuteclinic and CVS/caremark and was designed with input from national experts. It includes four



67,000
patients filling a first
prescription for a
smoking cessation
drug or prescription
NRT were counseled by
CVS pharmacists between
September and year-end

critical components: an assessment of the smoker's readiness to quit, education to give smokers the information and tools they need to quit, medication support to help curb the desire to use tobacco and coaching to help individuals stay motivated to prevent relapses. We partnered with the American Cancer Society to provide a quitline supporting the campaign.

Between the September launch and the end of 2014, CVS pharmacists counseled more than 67,000 patients filling a first prescription for a smoking



09/2014

We launched a very successful national smoking cessation program to help the seven in ten smokers who want to quit

cessation drug or prescription nicotine replacement therapy (NRT), and consulted with thousands of additional smokers seeking advice about over-the-counter NRT products.

Prescriptions for smoking cessation medications and visits to MinuteClinic

for smoking cessation counseling increased on a monthly basis from September through December, as compared to the prior eight months.

The program is available at CVS/pharmacy and MinuteClinic locations, and we are partnering with our affiliates to implement informational campaigns using a variety of communications channels. To expand our reach, we have created innovative partnerships, such as the one we have with the city of Philadelphia. It creates the first tobacco-free pharmacy network in the country, working together with Target, Wegmans and independent pharmacies that have long been tobacco-free.

New Partnerships Symposium to End the Toll of Tobacco

In September 2014, CVS Health, with the American Public Health Association, convened a national symposium to explore how traditional and nontraditional partners can unite to reduce tobacco use, improve health and curb health care costs. Speakers at the Washington event included senior public health leaders as well as representatives from national business, pharmacy and anti-tobacco advocacy organizations. The symposium offered practical advice, lessons learned, and stories of success and challenge. It also underscored the power of public health-private sector partnerships in creating a healthier nation and attaining the vision of a tobacco-free generation.



**Planet
in Balance**

The link between human health and the health of our planet is becoming increasingly apparent. According to the Fifth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC), keeping global temperatures in check requires “an urgent and fundamental departure from business as usual.” At CVS Health, we acknowledge the need for action and as a retailer with a large facility footprint, we also recognize the opportunity. We believe, as the IPCC points out in its report, that economic growth and climate action can be mutually reinforcing.

As a company dedicated to improving people’s lives through innovative and high quality health and pharmacy services, we are committed to continually assessing the environmental and climate-related impacts of our operations, implementing ways to reduce them, and contributing to the long-term sustainability of our business.

We believe that ongoing measurement, assessment and transparency of our environmental initiatives are essential and will lead to improved performance over time. Our approach

and commitments are set out in our environmental and climate change policies and reinforced by our *Prescription for a Better World* framework, which establishes Planet in Balance as a core pillar.

Our focus is centered on three strategic priorities:

- Sustainable operations
- Sustainable products and packaging
- Internal and external engagement around our sustainability vision

Sustainable Operations

With an enterprise that includes 7,800 stores, 20 distribution centers and field offices, and a significant transportation fleet, we understand the importance of embedding environmental sustainability in every facet of our operations with the goal of reducing our impacts.

Goal: Reduce the environmental impact resulting from our operations

To advance our goal, we developed a roadmap and are in the process of identifying specific internal and external targets aimed at driving operational efficiency and reducing our environmental footprint. We currently have a reduction target for GHG emissions, and will review our ability to add energy, water and waste targets in the future. Other focus areas include green building initiatives, purchasing environmentally preferred paper for our business operations, and ensuring we are meeting or exceeding environmental compliance regulations.

Climate Change and GHG Emissions

CVS Health recognizes that human activity has an impact on the world's climate system and that our business activities, in particular the operation of about 77 million square feet of retail space in our 7,800 retail drugstores, contribute to this impact. We are intent on reducing the GHG emissions created in those facilities, and do so by continuously measuring and trying to reduce our energy use, water use and waste. We are also

working to reduce the impact of our distribution centers and transportation network.

As described in our Climate Change Policy, our approach to reducing emissions includes risk and opportunity monitoring, energy and GHG efficiency programs, and ongoing communication on our climate-related progress with our stakeholders through the CDP (formerly Carbon Disclosure Project) and this report.

Measuring and Reducing Our Greenhouse Gas Emissions

We have been measuring and reporting our GHG emissions since 2008. We monitor them in accordance with the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development. This standard also informs the boundaries of our carbon footprint, which encompasses all U.S. retail stores, MinuteClinic locations, distribution centers, and corporate



facilities, as well as emissions from business travel, product delivery and refrigerants. Our small pharmacy chain in Brazil is included in these boundaries, but our recently acquired Coram and Navarro businesses have not yet been included.

11%
reduction achieved
toward our carbon intensity
goal of 15% by 2018

Our goal is to reduce our carbon intensity by 15% per square foot of retail space by 2018, compared to a 2010 baseline. While we also measure and report absolute emissions, we believe tracking carbon intensity by square foot of retail space allows us to determine the success of the various efficiency measures we implement, especially as our business continues to grow.

By the end of 2014, we had achieved an 11% reduction toward our carbon intensity goal. This result was primarily due to ongoing lighting efficiency upgrades and fleet efficiency initiatives.

While we have been successfully reducing our carbon intensity, absolute emissions have risen slightly. In 2014, the small increase in absolute emissions was due to the opening of new stores and higher demand for heating because of colder weather.

2014 Climate Performance Leadership Index

In 2014, CVS Health was identified as a leader in climate change action, achieving a position on the CDP S&P 500 Climate Performance Leadership Index (CPLI) and profiled in CDP's Climate Performance Leaders Report. Performance is assessed on the level of action, as reported by the company, on climate change mitigation, adaptation and transparency.

77M+
sq ft space

7,800
CVS/pharmacy stores

970
CVS/minuteclinic stores

20
distribution centers



Climate Change Risks and Opportunities

Climate change poses risks to many communities around the world, including the communities CVS Health serves. To prepare for potential impacts, we evaluate our risks and opportunities on an annual basis. We know that the occurrence of “superstorms” is increasing, which is why we identified the potential for extreme weather-related events or patterns as a major climate risk for our company.

As a provider of prescription medication and retail health services, we understand that a major disruption in our business can have serious implications for patients who rely on us for health care needs. We have responded to disasters in the past and learned valuable lessons that help our business continuity team enhance our emergency response action plans

on a regional level. Their focus is on ensuring we are operational during times of severe weather events or directing customers to other nearby CVS/pharmacy locations in the event that a particular store must close.

In evaluating and preparing for these risks, we believe that the unexpected closure of our data centers and corporate offices would pose the greatest threat to our business because it would impede our ability to operate the systems that support our stores. Our Business Continuity Plan addresses the loss of facilities, IT infrastructure and human resources as well as losses in our supply chain in the case of floods, hurricanes and similar events. Financially, we are at risk of physical damage to our facilities, lost inventory from power outages and lost business from being closed in the wake of a natural disaster.

Energy and Fuel

At CVS Health, the energy used to operate and distribute product to our 7,800 retail stores — totaling approximately 2.9 million megawatt hours of electricity and 9.5 million gallons of fuel in 2014 — represents our most significant environmental impact and the largest input to our carbon footprint. It also represents the biggest opportunity we have for energy and cost savings. We focus our energy strategy on the operational areas where we can have the greatest impact by improving efficiency in our lighting, heating and air conditioning (HVAC) systems, cooler and freezer use, as well as in the transportation of our goods.

Electricity use in 2014 was flat despite a 2% increase in overall square footage, which is partly attributable to the use of our Energy Management System (EMS), lighting retrofits and other new store efficiency measures.

Use of natural gas increased in 2014, primarily due to colder weather. In particular, CVS/pharmacy stores experienced the largest increase in usage during January, February and March of 2014.

As we seek opportunities to drive efficiencies, we will focus on technologies that offer a reasonable return on investment and are scalable across our retail facilities.

90%
of stores and
50%
of distribution centers
linked to our EMS

Energy Management System (EMS)

An EMS helps us drive energy efficiency consistently across our stores and distribution centers by allowing us to manage, monitor and adjust lighting, HVAC, and other systems from a central location. As of 2014, more than 90% of our stores and 50% of our distribution centers operate with an EMS, and we continue to implement it as we acquire or build new facilities.

Since its launch in 2012, we have continuously fine-tuned the EMS operations to achieve peak energy efficiency, taking into account factors such as our stores' seasonal cycles

and HVAC and other system upgrades. In 2014, we continued to invest in high-efficiency HVAC upgrades, and used our EMS to maximize efficiency from these new systems.

We are also exploring new EMS software for our distribution centers to monitor and manage our energy consumption, and in 2015 will evaluate the performance of a pilot system installed in our Woonsocket distribution center in 2014.

Lighting Retrofits

A significant amount of energy is used to light our facilities. With new lighting technologies emerging and improving at a rapid pace, there is the potential for energy and cost savings. Our strategy, given the scale of our footprint, is to build long-term success through sustained year-over-year investments in proven lighting technologies.

In 2014, our new store construction included LED lighting for exterior lighting and signage, and we continued our multi-year lighting retrofit program, once again achieving measurable progress. This included LED retrofits of coolers and freezers at 841 of our existing stores and 20 distribution centers. We expanded the use of LED technology to retrofit interior lighting at 82 stores and exterior lighting for 10 stores in Massachusetts and Rhode Island. In 2015, we will measure the investment return and environmental benefits of these pilots to determine our next steps.

Transportation

In 2014, CVS Health operated a fleet of 299 company-owned tractors and 808 trailers, and 426 third-party tractors and 1,027 trailers. Together these consumed a total of 7.1 million gallons of fuel for distribution and covered 47.2 million miles. This contributes to our carbon footprint, and we are continuously looking for innovations and technologies to help us reduce or mitigate the impact of these activities.



861
LED retrofits of freezers

82
LED retrofits of
store interiors

10
LED retrofits of
store exteriors

Greenhouse Gas Emissions, Energy, and Water Data Analysis

Total Energy Usage, by Type, for 2010-2014*

	ELECTRICITY	NATURAL GAS	PROPANE & OIL	FUEL CONSUMPTION**
2010	2.9 Million MWh	10.2 Million Therms	764,500 Therms	9.8 Million Gallons
2011	2.9 Million MWh	10.4 Million Therms	584,000 Therms	10.1 Million Gallons
2012	3.0 Million MWh	8.3 Million Therms	519,500 Therms	9.7 Million Gallons
2013	2.9 Million MWh	12.3 Million Therms	583,500 Therms	9.3 Million Gallons
2014	2.9 Million MWh	14.0 Million Therms	458,500 Therms	9.5 Million Gallons

*Data represents all CVS distribution centers, stores and administrative locations, landlord paid facilities and Caremark locations. Energy data for recently acquired Coram and Navarro businesses are not included. 2010-2013 data was updated to include landlord paid and Caremark facilities.

**Excludes employee commercial air travel. Emissions from commercial air travel in the GHG inventory is estimated based upon miles and aircraft type.

Greenhouse Gas Emissions by Scope*

	Scope	2014		2013		2012	
		Tonnes of CO2e	%	Tonnes of CO2e	%	Tonnes of CO2e	%
Natural Gas, Other Fuels, Corporate Jet, Corporate Car Fleet, Private Delivery Fleet, Refrigerants	Scope 1	188,500	11%	193,000	11%	201,000	12%
Electricity, Steam, Chilled Water	Scope 2	1,468,000	84%	1,466,000	85%	1,495,000	87%
Dedicated Delivery Fleet, Employee Air Travel, Employee Personal Car Travel, Rental Cars	Scope 3	80,000	5%	74,000	4%	15,500	1%

* In 2012, emissions from Private and Dedicated Delivery Fleets were both reported under Scope one as part of Private Delivery Fleet. In 2013, emissions from Dedicated Delivery Fleet were moved to Scope 3.

Total Carbon Footprint and Carbon Intensity Measurement*

	CO2 EQUIVALENTS (metric tons CO2e)	CO2 EQUIVALENTS intensity per sq. foot of retail space	SQ. FEET of retail space	Cumulative Progress Toward Carbon Intensity Reduction Goal
2010	1,777,500	0.0255 Metric Tons	69.7 Million	*
2011	1,800,500	0.0252 Metric Tons	71.5 Million	1%
2012	1,711,500	0.0234 Metric Tons	73.1 Million	8%
2013	1,733,000*	0.0231 Metric Tons	75.0 Million	9%
2014	1,737,000	0.0226 Metric Tons	76.7 Million	11%

*Adjusted from figure reported in the company's 2013 CSR Report due to minor (~5%) updates as a result of CVS Health's third-party verification process.
Carbon Intensity Goal: Reduce carbon intensity by 15 percent by 2018, based on 2010 figures.

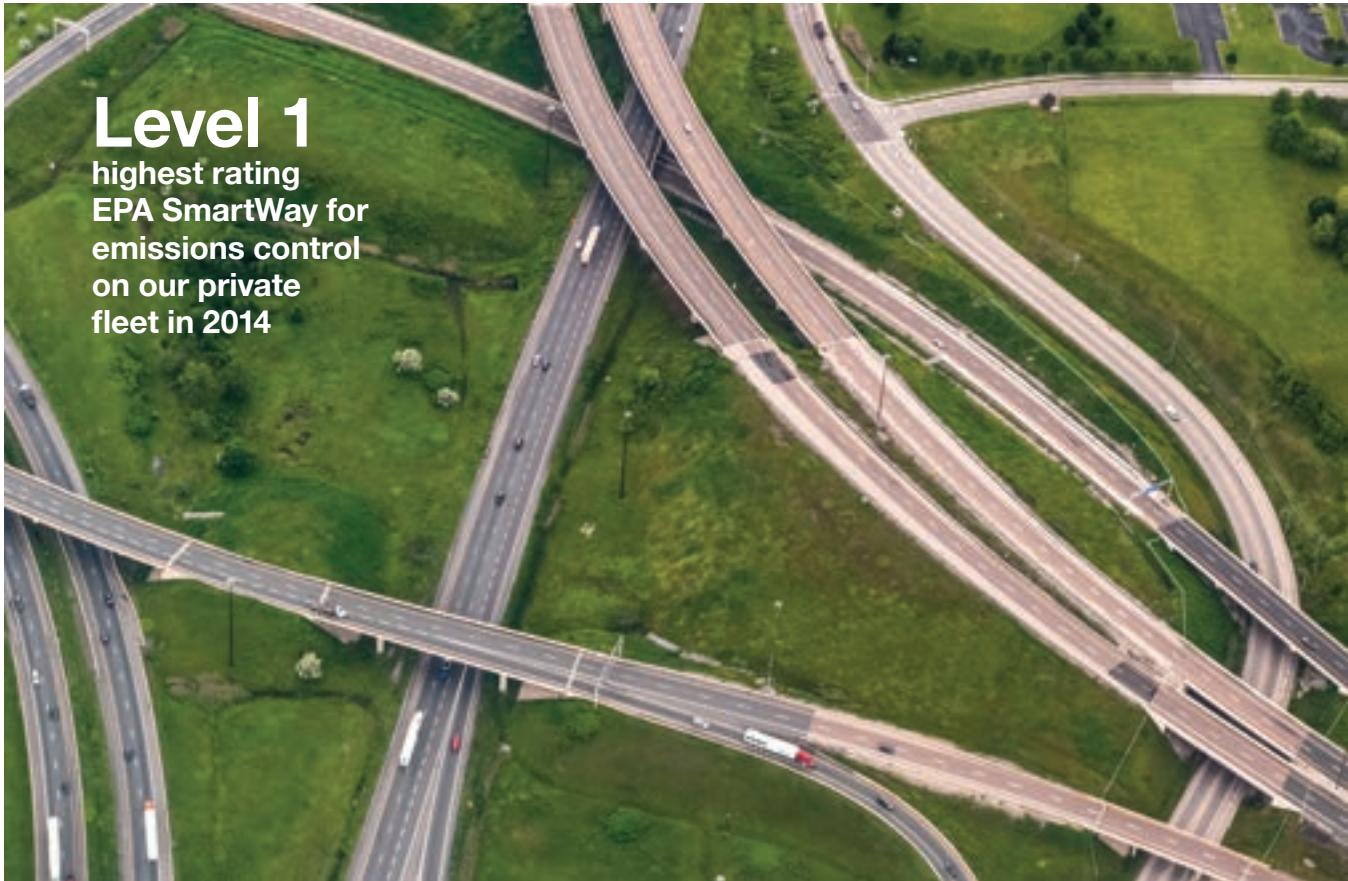
Water Use Intensity Measurement for 2010-2014*

	TOTAL WATER USAGE (ML)	SQ. FT. OF RETAIL SPACE	NORMALIZED WATER USAGE (PER SQ. FT. OF RETAIL SPACE)
2010	7,350	69.7 Million	0.000105 ML
2011	7,200	71.5 Million	0.000101 ML
2012	7,550	73.1 Million	0.000103 ML
2013	6,800	75.0 Million	0.000091 ML
2014	6,200	76.7 Million	.000078 ML

Environmental Management Program

Since 2011, our Environmental Management Program (EMP) has helped us track and responsibly manage our environmental compliance obligations within our operations. We have implemented the program in all retail pharmacies, corporate offices and distribution centers. In 2015, we will integrate the EMP within our Navarro and Coram acquisitions, and plan to introduce an online tracking system to help us monitor our compliance obligations and the programs we have in place to meet them.

*Intensity measurement based on per square foot of retail space. Water data for recently acquired Coram and Navarro businesses are not included.



Level 1

highest rating
EPA SmartWay for
emissions control
on our private
fleet in 2014

Throughout the year, we continued to implement fleet efficiency initiatives, including route optimization and reduction in idling times, as well as tire-monitoring inflation systems and weekly tire checks, such as tread depth and air pressure checks at every private fleet facility. However, fuel consumption increased in 2014 due to the expansion of route territory for our distribution fleet.

Our private fleet continues to be an Environmental Protection Agency SmartWay Carrier Partner for the fifth year in a row, receiving the highest carrier rating of Level 1 for emissions control. CVS Health has been a SmartWay Shipping Partner since 2012.

In 2015, we plan to implement new routing software that will allow us to track and optimize miles driven, fuel efficiency, average cost per load and on-time service delivery, and establish Routing Centers of Excellence.

Water

Water scarcity is one of the most significant challenges facing the global economy and is becoming a crisis in some parts of the world. While we are not a large user of water, we recognize we must take steps to monitor and reduce our water consumption.

CVS Health's water management strategy provides guidance for how we drive water efficiencies and reduce usage. We continuously measure our water use and savings, and establish guidelines around the development of new properties. We also report our water use data annually through the CDP. In 2014, we participated in the CDP's water scoring project, which found an increasing awareness of water issues and the need for water stewardship among the 174 Global 500 companies that responded.

The vast majority of the water we use comes from United States municipal water systems. Our biggest impact, accounting for 45% of our

water use, results from the water we use for irrigation systems to maintain landscaping. We conducted a zero-irrigation pilot project at our West Haven, CT retail store and learned that we can reduce water use significantly. We have since begun to assess irrigation requirements for our new locations.

Our water usage decreased in 2014 due to our efforts to reduce use for landscaping purposes and because of the transition we are making from wet photo processing to dry photo processing in retail stores.

Waste Management and Recycling

Our retail pharmacies and clinics, distribution centers and corporate offices produce a variety of waste and recyclable materials. We have implemented reduction and recycling systems to help us minimize our environmental footprint by diverting as much as possible from the waste stream.

Assessing our Waste Impact

In 2014, we initiated steps to establish a profile of the types of waste generated by our operations. Our goal was to identify what percentage of our waste stream is being diverted from landfills. While this proved to be more complex than anticipated, due in part to differing jurisdictional recycling mandates and the number of independent waste and recycling haulers we employ, we were able to establish a general waste profile. This effort showed a landfill diversion rate of approximately 45% that is largely driven by recycling of cardboard, paper, plastics, bottles/cans and plastic bags. We will continue to look for opportunities that impact our diversion rate by better understanding waste reduction options.

Reducing Waste at CVS/pharmacy

Minimizing the amount of solid waste generated by our stores is a focus of ours. As a retailer, there are times when items we sell need to be removed from our store for a variety of reasons. We use technology to help ensure we are maximizing the value of the items through the reverse distribution process where we are able to take advantage of liquidation or donation options. The reverse distribution process helped our stores across the country support local organizations with donations of products valued at more than \$65 million, based on the cost of goods.

In an effort to further improve our waste reduction and recycling initiatives, we worked to analyze our current system of recycling programs to assess where we can expand or



35K lbs
of plastic bags were
diverted from landfills
through our retail location
recycling program

enhance programs for certain materials, such as plastic bags or plastic film wrap, throughout the enterprise. By increasing awareness of recycling at store-level, we have seen improvement in results. Our plastic bag recycling program, available at some of our retail locations, encourages customers to bring in their used plastic bags instead of throwing them in the trash. In 2014, we diverted more than 35,000 pounds of plastic bags from landfills, a 6% improvement over 2013, and more than 9,900 pounds of plastic bottles and aluminum cans, more than double the amount diverted in 2013. We saw improvement in our single-stream recycling in stores in Connecticut and New Jersey, where we recovered more than 1.1 million pounds of recyclable material — double the amount collected in 2013.

While we are striving to improve recycling rates for various materials, our largest recycling stream remains cardboard at more than 100,000 tons recovered in 2014.

Sustainability in Action

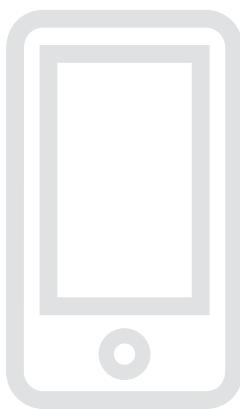
We identified a unique opportunity to reduce waste, serve our community and lower overall disposal expense for our Hawaii stores. Cross-functional partners from Community Relations, Store Operations, Loss Prevention and Inventory Management worked with our Environmental Team to develop a pilot test to evaluate the donations of usable but non-saleable products. Working together with Child & Family Service, a nonprofit organization serving the local community, we established a process and donated more than \$84,000 of consumer products to the community. The pilot proved to be good for the environment by reducing waste volume, good for the community by providing products to those in need, and good for our business by showing promising disposal cost savings.

Recycling at Distribution Centers and Corporate Offices

In our distribution centers and corporate offices, our waste diversion programs resulted in the recycling of 235 tons of plastic stretch film, compared to 199 tons in 2013, and 49,218 tons of cardboard, compared to 50,307 tons in 2013. We also recycled 673 tons of the totes we use to carry and ship many of our products, 531 tons of metal and 106 tons of other miscellaneous waste, which includes office paper and commingled recyclables.

Cell Phone Recycling

CVS Health partnered with e-Cycle to implement a reuse and recycling program for cell phones. By recycling wireless devices, we are helping to save energy and GHG emissions, essentially by avoiding the energy used to mine and process new materials, and avoiding the use and disposal of



1,053
devices collected
with e-Cycle

38 lbs
of copper, silver
and gold saved

21M
gallons of water
not contaminated

71
households could
be powered by
the energy saved

toxins such as lead, zinc, mercury and flame retardants. Between June 1, 2013 and June 30, 2014, we collected 1,053 devices for reuse and recycling.

Waste Water

A continuing focus area for our stores is managing the waste produced from our photo-processing services. We are in the process of converting all stores with chemical-based photo-development processors to dry digital processors. The ink cartridges from dry digital processors do not require special handling or contain materials considered hazardous, and this change will ultimately eliminate our use of photo-development chemicals and the need to dispose of used silver-containing solutions. Since we began this process, we have converted nearly 3,200 stores, including 838 stores in 2014, to digital photo processing. We plan to convert another 757 stores in 2015, which will complete our nationwide transition to digital photo processing.

Hazardous Waste

Responsible management of unsalable consumer products is always a priority for us. Whether these products are sent through reverse distribution for liquidation, donated, returned to the vendor, or determined to be waste and disposed at store level, we want to ensure these products are handled in a manner that minimizes the generation of waste. We have integrated our hazardous waste management program into technology used by store colleagues to ensure proper product disposition and financial reconciliation. It is this seamless integration with the inventory management business process that aligns compliance with everyday operational practices. In 2014, we continued to refine the program

through increased monitoring and measuring of key program elements consistent with the continuous improvement goal under our Environment Management Program (EMP). These efforts have reinforced our culture of environmental compliance, making our hazardous waste management program one that is often benchmarked by others.

Incorporating Green Building Practices

We recognize the long-term economic and environmental value of incorporating sustainable building design into our new store and facility specifications. We also monitor best practices in green design through our participation in Leadership in Energy and Environment Design (LEED) training programs developed by the United States Green Building Council (USGBC), as well as by our home state of Rhode Island's USGBC chapter.

Our energy-efficient pilot store in West Haven, CT, which opened in 2013 and was designed to the USGBC's LEED Platinum standards, received its LEED certification in 2014. The store showcases environmental design features that include an electric car-charging station and zero irrigation landscaping, as well as rooftop solar panels, solar tubes and natural lighting solutions to reduce electricity use. The West Haven store serves as a model of energy efficiency and other green design features. We continue to monitor these and plan to integrate successful elements into future new store builds.

In 2014, we also piloted a dozen smaller footprint stores that range from 6,000 square feet to 9,500 square feet. These smaller stores naturally require less land and are made with more environmentally preferred materials. In 2015, we will continue to evaluate the viability of adopting these prototypes on a wider scale.

LEED-Certified Buildings

2014 Retail Store
West Haven, CT

2014 Distribution Center
La Habra, CA

2013 Finance Center
Cumberland, RI

2013 Retail Store
Los Angeles, CA

2011 Retail Store
Burtonsville, MD

2011 Distribution Center
Chemung, NY

2011 Customer Care Center
Cumberland, RI

2011 Marketing Support Center
Woonsocket, RI

2010 Retail Store
La Quinta, CA

Restoring Brownfields

When it comes to building new stores, our first priority is locating ideal sites. Some of the sites we select are classified as brownfields, land that may be contaminated by concentrations of hazardous waste or pollution as a result of its former industrial or commercial use. When we acquire a brownfield site for a CVS/pharmacy location we are required to remediate it before construction, making it a safe and viable property for our retail store and for the community. In 2014, we remediated 94 sites for CVS/pharmacy stores.

Sustainable Forestry Certified Paper and Printing

CVS Health uses a large amount of paper in its business operations — more than 65,000 tons each year — for in-store receipts and bags for



100%
of paper used for
store operations
(approximately one
billion sheets annually)
was sourced from
FSC-certified
eucalyptus plantations

94 brownfield sites remediated

pharmaceutical purchases, PBM member mailers, weekly flyers and other marketing materials, as well as corporate document printing. Over the past two years, we have introduced a chain-of-custody certification approach for paper use within our business operations. We are seeing significant results, including the consolidation and conversion of all of our paper sourcing and printing to companies certified by the Forest Stewardship Council (FSC) or the Sustainable Forestry Initiative (SFI). Our efforts in 2014 resulted in the following:

- 86% of the paper used for external marketing materials, excluding circulars, was sourced from FSC-certified mills, up from 54% in 2013.
- 100% of paper used for retail circular program was sourced from SFI-certified mills. This program currently utilizes 55,000 tons of paper annually.
- 60% of the paper used for our direct mail program contained 10% or more post-consumer recycled content, up from a mere 5.8% in 2013. Our goal is to incorporate post-consumer recycled content in 100% of the paper used for this purpose in 2015.
- 100% of paper used for store operations (approximately one billion sheets annually) was sourced from FSC-certified eucalyptus plantations. The paper also includes up to 30% recycled content, and is lighter weight than the paper previously used.

Sustainable Products and Packaging

CVS Health manufactures, distributes and sells CVS Brand and private label products across multiple product categories, including cosmetics, personal care, over-the-counter medications, and food, among other categories. We recognize that we have a role in ensuring that product design, manufacturing and disposal are undertaken in an environmentally sustainable manner, and as a demonstration of our commitment, we have prioritized our programs and initiatives in this area within our *Prescription for a Better World* strategy.

Goal: Improve the sustainability of CVS Brand and/or private label products

Improving our products and reducing their impact is an ongoing process. We focus our efforts in two primary areas: ingredients and packaging.

Choosing the Right Ingredients

At CVS Health, we apply robust standards in the creation and production of each of our CVS Brand and private label products to help ensure the highest level of quality and environmental safety.

At a minimum, our ingredient strategy is informed by all U.S. Food and Drug Administration (FDA), federal and state requirements in which our aim is to be an early adopter of proposed or impending regulations. Product formulations are also designed to meet evolving and increasing consumer demands for environmentally preferable products.

We apply heightened rigor to the chemical ingredients that we use in formulating our products and adhere to our high internal standards for quality and safety. Through our active participation in industry groups focused on ingredient and chemical safety we have strengthened our understanding of appropriate alternatives, identified emerging opportunities to enhance the safety of our products, and learned from and contributed to the growing green chemistry field. We are partnering with other leading retailers, product and chemical manufacturers to develop common goals in sustainable chemical management.

We prioritize certain chemical ingredients and evaluate whether they should be removed, reduced or replaced in certain CVS Brand categories, including beauty, baby and food products. As new, conclusive research is published on how certain chemical ingredients are linked to health and environmental risks, and safer alternatives are made available, we apply our Cosmetic Safety Policy. This policy outlines our commitments to customer safety, scientific research, collaborating with suppliers and continuous improvement, and to evaluate and inform the replacement of priority ingredients in CVS Brand products.

In evaluating supplier compliance with our Cosmetic Safety Policy, products must be tested to ensure they meet FDA requirements and CVS/pharmacy specifications.

In 2014, we addressed certain priority ingredients to go beyond existing or pending regulations:

- Triclosan, an ingredient added to certain soaps, cosmetics, toys and other products to reduce or prevent bacterial contamination, is being removed from all CVS Brand products as well as most name-brand products we stock in 2015.
- Microbeads, small plastic spheres that are widely used in cosmetics, skin care and personal care products usually as exfoliating agents, will be reformulated or removed from CVS Brand products in 2015, ahead of regulatory requirements.
- Formaldehyde, used in certain baby products, will be removed in CVS Brand products by August 2015 in all stores, to comply with new regulations banning the substance in child products in the State of Minnesota. In addition, ahead of regulations, we are working with suppliers to also remove the chemical from select non-medicated adult cleansing wipe products in 2015.

Formaldehyde will be removed in CVS Brand baby products by August 2015



Partnering for Sustainable Packaging Opportunities

As a company that relies largely on the sale of products, the packaging we use for our products — which helps to ensure customer safety, manage efficient distribution and provide effective display on the shelves of our retail stores — has an environmental impact. We work with our suppliers to influence packaging design for most of our CVS Brand products and we partner with our national brand vendors on their packaging efforts.

We work directly with CVS Brand suppliers to resolve issues related to labeling, primary and secondary packaging and hazardous material packaging. We actively encourage them to minimize or eliminate inner packaging and use recycled materials.

We work with CVS Brand suppliers to resolve issues

In November 2014, we took part in a collaborative summit between suppliers and retail pharmacies to identify the opportunities to reduce carbon footprints, material use and costs by eliminating inner packaging. The summit was initiated by the National Association of Chain Drug Stores (NACDS), facilitated by the Retail Industry Leaders Association, and included Walgreens and Rite Aid, as well as packaging engineers representing approximately 20 suppliers. Through this effort, we are hoping to establish a Supplier Council for Packaging to continue to move efforts to reduce packaging forward.



Goal: Improve the sustainability of our supply chain

At CVS Health, our suppliers play an integral part in our success as a health care leader, and we often engage with them down to the factory level to better understand the source of our products' raw materials, how and where the products were manufactured and under what conditions. Our supplier engagement strategy is underpinned by our Supplier Ethics Policy, and ingredient compliance is monitored through our WERCSmart supply chain reporting tool. We provide details and results of our supplier audit program in the Leader in Growth section of this report.

Monitoring Suppliers for Sustainability Compliance

All CVS Health suppliers must comply with state and federal environmental laws and regulations as well as with our Supplier Ethics Policy, which establishes the environmental and social criteria required of all suppliers. For example, we want to know if a factory has a written environment policy, if they have implemented an environmental management system, and if they have obtained environmental certifications. These criteria are evaluated as part of our factory audit process.

We also care about the ethical treatment of animals and have

requirements that state that animal testing is strictly prohibited.

Monitoring Compliance with WERCSmart

In 2013, we introduced a new supply-chain reporting tool called WERCSmart, which enhances our ability to monitor product ingredients (see table on page 65). As part of the WERCSmart rollout, we required our suppliers to register ingredient information for all the chemical-based, over-the-counter health, pesticides, aerosols, battery and other hazardous-material products sold in our stores. In

addition, we require all new products or products that have changed formulations, ingredients or UPCs (Universal Product Codes or "bar codes") and that meet our registration criteria to disclose their ingredients in WERCSmart. Using this data, we are able to identify which products have certain chemical ingredients and determine the best methods for meeting federal and state regulations for safe handling, transport and disposal. We are also able to identify any suspect and/or non-compliant products that contain restricted ingredients or ingredients of concern.

**We also care about
the ethical treatment
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requirements that state
that animal testing is
strictly prohibited.**



Internal and External Engagement Around Our Sustainability Vision

As one of the largest pharmacy chains in the United States, we rely on collaboration with a variety of stakeholders – investors, suppliers, clients, employees, communities and customers – to be successful, and the same is true for our approach to sustainability.

Goal: Make sustainability a relevant part of every colleague's role and responsibility

Throughout our company, we recognize that our sustainability initiatives will have the biggest impact when our colleagues are informed and engaged in them.

Employee Engagement

Some ways in which we engage our colleagues are through sustainability-related councils and committees.

Energy Technology Assessment Committee

We receive advice on strategic priorities from our internal Energy Technology Assessment Committee (ETAC). ETAC is comprised of five subcommittees: Energy Star Standards and LEED Certifications, Alternative Energy Sources, Energy Efficiency Projects, Waste Stream Management, and Sustainability. These groups monitor and pilot sustainability initiatives across the company and present proposals that are reviewed by the ETAC Advisory Team, a cross-functional team led by our Vice President of Property

Administration and Energy Management and comprised of subcommittee heads. The Advisory Team reviews product results and identifies opportunities to scale solutions.

Other councils and committees focused on sustainability at CVS Health include:

- Sustainability Leadership Council, a team of leaders who meet periodically to discuss our sustainability strategy and set our carbon reduction goal
- Executive Management Council, a group of senior-level corporate executives representing all business units at CVS Health, who direct the overarching strategy, policy and implementation of our Environmental Management

Program and advise our CEO on the program's performance

- Sustainability Committee, a part of ETAC and a cross-functional team that drives sustainability initiatives across our enterprise and focuses on initiatives such as lighting efficiency and evaluating performance metric indicators and metrics

In 2014, we also introduced our colleague sustainability platform, an online tool to engage and educate colleagues in the area of sustainable behaviors. The program encourages and rewards employees to track their personal sustainability actions, such as bicycling to work, carpooling, printing on both sides of the page, turning lights off and using a reusable water bottle.

In 2014, our Energy Technology Assessment Committee led a wide variety of projects that helped integrate sustainability across our business. Types of projects included the installation of LED fixtures in coolers in 655 stores; replacing illuminated messaging in drive-thru canopies; and using continuous coolers rather than walk-in coolers in 315 stores.



Goal: Engage consumers to encourage adoption of more environmentally responsible behavior

Customer Engagement

We look for opportunities to engage our customers in sustainable living in a variety of ways, including introducing more healthful snacks and environmentally preferred household products in our retail drugstores, offering plastic bag recycling in select locations, or partnering on drug and sharps (needles, syringes and lancets) take back programs at many of our locations.

As part of our commitment to engage our customers in sustainable living, in 2015 we are introducing 18 products from Seventh Generation and Mrs. Meyers in more than 450 select CVS/pharmacy locations. These household product lines are developed with sustainability in mind.

Transparency and Engagement

We believe that transparency and engagement in industry organizations that focus on moving the sustainability agenda forward helps us understand the broader environmental issues impacting society, establish the right strategies and goals, and improve our performance. In 2014, in addition to reporting our progress in this report, we continued to participate in the CDP reporting programs that track corporate greenhouse emissions and water use.

We are members of a number of industry committees, and in 2014, we became a company network member of Ceres, a non-profit organization that advocates for sustainability leadership and supports the work of companies to expand the adoption of sustainable business practices.

Registration of Ingredient Information

Product	Criterion
Chemicals	<p>Any product that is advertised or labeled to kill, repel, or prevent the growth of any living organism (e.g. anti-microbial products and pesticides)</p> <p>Any product that contains a powder, gel, paste, liquid, or gas, and is not intended for human consumption</p> <p>In addition, the following products also must be submitted, even though they are intended for human inhalation, consumption or absorption:</p> <ul style="list-style-type: none">• Liquids, lozenges, pills or capsules (e.g. pain relievers, vitamins, water pills)• Any other over-the-counter medication or supplement of any kind (e.g. nicotine replacement therapies, antihistamines)• Medicated swabs, wipes and bandages• Patches (heated and/or medicated)• Liquids (e.g. soap, shampoo, cough medicine, eye drops, ear drops, nasal spray and inhalers)• Medicated shampoos, gums, ointments and creams (e.g. suntan lotion, antibiotic cream)• Lip balm, lip creams and petroleum jelly• Skin lotions, creams and ointments• Contraceptive foams, films and spermicides• Equipment sold with chemicals (e.g. vaporizer sold with medication, air fresheners, gel shoe inserts)• Cleaning products• Cosmetics• Perfumes
Aerosols	Any product that contains a compressed gas or propellant; includes bag on valve (e.g. spray cheese, continuous-spray sunscreen)
Batteries	All batteries, any product that contains a battery of any kind
Electronics	Any product that contains a circuit board (e.g. blinking lights or making sounds)
Food	Cooking oil, energy bars, dietary supplements and vitamin drinks
Light Bulbs	Any fluorescent, incandescent, LED, halogen, neon, mercury vapor, or high-pressure sodium bulbs

CVS Health Charity Classic Goes Green

\$1.4M

raised for charities across
Southern New England

\$18M+

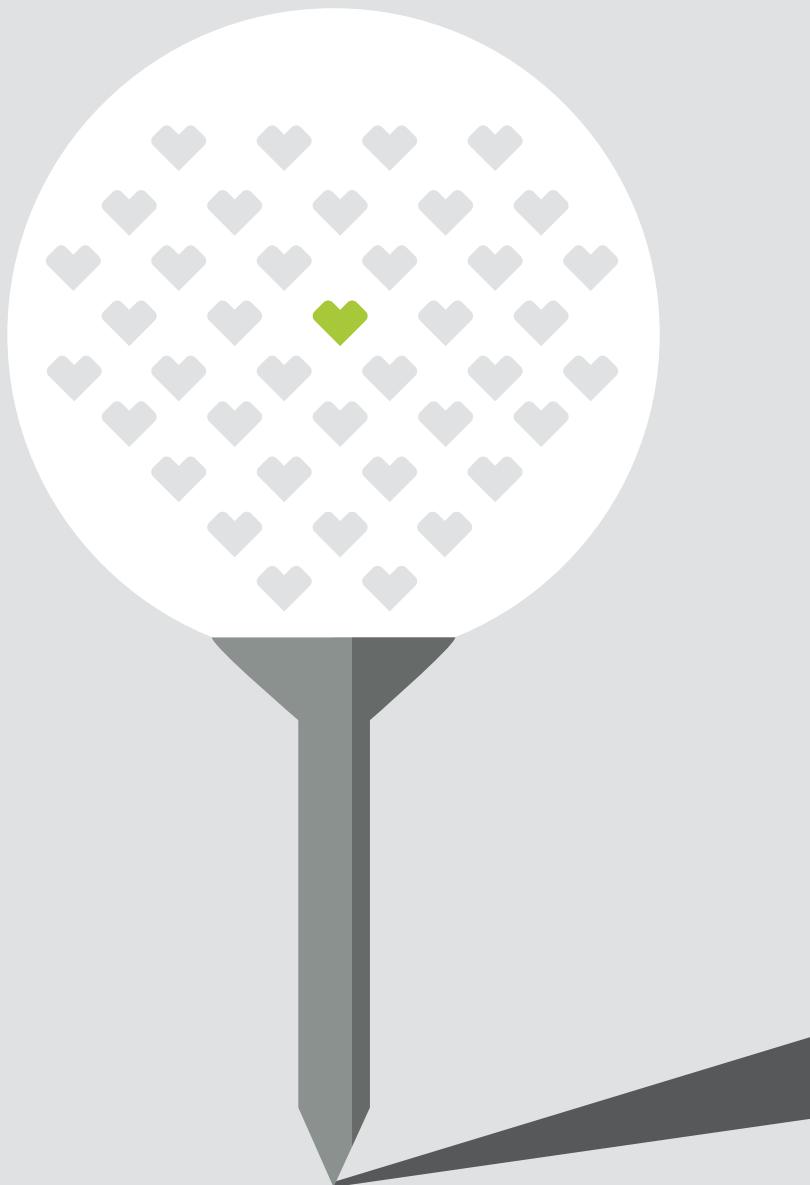
donated to local charities
since its inception in 1999

100%

compostable service
ware was supplied

36%

of waste was diverted
through new recycling
and composting programs
throughout the grounds





Leader
in Growth



The risks and opportunities that businesses face in the 21st century are complex. Increasingly, stakeholders are interested in how companies are embedding economic, social and environmental issues in their practices and processes to create long-term value. Our annual CSR Report provides transparency on our strategy and approach to sustainability and social responsibility, including our commitment to create economic opportunities and value for employees, customers, suppliers and investors.

In fact, this is a core pillar of our *Prescription for a Better World*, which we refer to as Leader in Growth and is centered on three strategic priorities:

- Safe, rewarding and inclusive workplace
- Regulatory compliance and voluntary standards are met or exceeded
- Supply chain responsibility

Safe, Rewarding and Inclusive Workplace

The backbone of CVS Health is our nearly 215,000 colleagues who contribute to our purpose of helping people on their path to better health. Many of them also contribute to their local communities outside of work by giving of their time and talents to causes they are passionate about. We are dedicated to our colleagues and strive to create the kind of workplace environment where they feel safe, included and can thrive.

Goal: Create new jobs while providing best-in-class workplace and career development opportunities

As a growing business, we focus on creating new jobs and retaining our employees as well as making investments that help to ensure we will have the future workforce needed to run our business. We invest in programs that open doors to future recruits, help employees develop their careers at CVS Health, provide comprehensive benefits and compensation, recognize their efforts, ensure a safe working environment, and uphold our workplace practices and policies.

Creating Jobs

We are continually creating jobs — we hired more than 14,000 new employees at our corporate facilities and nearly 90,000 at our stores in 2014. We also introduced thousands of new positions across our operations. In addition, we have had more than 1,500 trainees in registered apprenticeships as pharmacy technicians and assistant store

managers; we hire, on average, 20,000 youth each summer for full and part-time positions, and provide job shadowing and internship opportunities; and, cumulatively, we have helped more than 95,000 individuals transition from public assistance to meaningful jobs and career paths. Investments in colleagues participating in programs like these have helped us achieve

retention rates that are approximately two times the national industry average.

Investing in a Future Workforce

While many of the jobs we fill are positions at retail drugstores, we also hire a large number of skilled health care workers, including pharmacists and pharmacy technicians, nurse practitioners, and physician assistants.



These skilled workers are in high demand today and will continue to be as the health care sector grows. It is projected that, by 2020, 5.6 million new health care jobs will be created, which may lead to a sizeable shortage in skilled professionals.

Cultivating New Pharmacy Professionals

One way we are addressing this challenge is by investing in partnerships and initiatives that promote careers in science, technology, engineering and math (STEM). Since 2000, when we launched our Pathways to Pharmacy program, we have introduced more than one million young people to pharmacy as a career option. In addition, we have connected young people to job opportunities at CVS/pharmacy locations through partnerships with hundreds of nonprofits, faith-based organizations and government agencies, including

the Hispanic Heritage Foundation and Job Corps.

Early in 2015, we announced our plan to double the size of our pharmacy technician apprenticeship program to reach a goal of 3,000 Registered Apprenticeship participants by 2020, as part of President Obama's initiative to overall double the number of apprenticeships nationwide. This program, along

with others, will help us prepare the workforce we need for our CVS/pharmacy stores, corporate facilities and our ongoing expansion of MinuteClinic locations across the U.S.

We also advance the business of pharmacy through the CVS Health Foundation Pharmacy Scholarship program, which supports the most promising pharmacists of tomorrow as they complete their education. The Foundation has provided scholarships to a number of pharmacy schools across the country and provided nearly \$400,000 in scholarship funding in 2014.



5.6M
new health care jobs
will be created by 2020

Opening Doors to Retail

We also continue to build on our Regional Learning Center (RLC) model to provide instructor-led training for new and current colleagues, including fully operational mock-ups of CVS/pharmacy stores at several RLC sites.

Operating in collaboration with community colleges and other community service partners, our six centers supported the training and development of more than 11,000 CVS Health retail colleagues in 2014 and, through our partnerships, provided valuable pre-employment skills and continuing education to an additional 1,200 job seekers. We have committed to adding two new RLCs in 2015 and 2016 to help thousands of additional employees build customer-service and health care-related jobs skills, including one specifically to support our commitment to hiring veterans, current uniformed service members and military spouses.

In addition, our RLCs support our continued investments in programs that facilitate hiring new colleagues who were previously on public assistance prior to joining our workforce. In 2014, we hired more than 1,800 people through these programs, and measured a 65% retention rate of these colleagues, compared to 37% of average new retail colleagues.

Creating Opportunities for Career Growth

Our company has more than 50 development and training programs tailored for our colleagues. These programs focus on career advancement and help ensure that our colleagues are staying up to date with everything from new technologies to business trends. Some examples include:

Emerging Leaders Program:

This long-standing program provides development opportunities for select managers and directors across our enterprise. Participants are chosen by senior leaders and provided with a series of mentoring and coaching sessions.

Leaders of Tomorrow Program:

Launched in 2011, this program provides development opportunities for select managers and directors across our enterprise. Participants

are chosen by senior leaders and provided with a series of mentoring and coaching sessions.

Leadership Forum: This program helps our company cultivate future leaders by providing them with a fully integrated view of health care. Each individual is placed in a 24-month training program, which helps further develop their abilities to champion our culture, employ strategic thinking and develop and grow connections across the company. In 2014, 25 colleagues participated in the program.

229

**high-performing
colleagues joined
the Emerging
Leaders Program**

Foundations for Leading and Learning: Implemented in 2014, this initiative replaced the previous Pre-Emerging Leaders Program and was expanded to serve store and pharmacy managers interested in building their leadership capabilities. It also serves those interested in pursuing opportunities as field managers through the Emerging Leaders Program. Participants attend classroom sessions that build leadership capabilities, including field leader competencies, individual development planning, coaching, problem solving, inspirational leadership and accountability. More than 750 store and pharmacy managers participated in this new program during 2014.

Comprehensive Benefits and Compensation at CVS Health

We are committed to providing our colleagues with a benefits package that is comprehensive, competitive and customizable. We also realize compensation comes in many forms,

which is why we have a best-in-class benefits program that makes employee engagement a top priority and rewards achievement and talent in a variety of ways.

Full-time colleagues earn a full benefits package, which includes: comprehensive medical and prescription coverage with a company contribution to a Health Savings Account (HSA); vision and dental coverage with contributions payable on a pretax basis; a 401(k); an employee stock purchase plan; fertility and adoption benefits; life, accident and disability insurance; flexible spending accounts; paid time off; tuition reimbursement; and an employee discount at our stores, as well as access to many other employee discounts. Part-time colleagues qualify for a different benefits package, which includes hospital indemnity, dental, vision, accident and life insurance that are paid by the colleague on a pre-tax basis.

Our company is also committed to providing fair compensation to all of our colleagues. We meet all state and federal minimum wage requirements.

Health Plans and Wellness Programs

During the past three years, we have been evolving our health plan coverage. This process has been driven by a variety of factors, including market trends, costs, the implementation of the Affordable Care Act (ACA), and a company perspective that health coverage and wellness programs should be integrated and interdependent. Our perspective is that wellness should not be optional, and we have put more resources in place to encourage colleagues to achieve their best health.

Plan for Health, our preventative health and wellness program for colleagues that we introduced in 2012, offers incentives, including a \$600 reduction in paycheck contributions, for colleagues who undergo a free health



Colleagues who enroll in this program must make a \$50 deposit of their own money. After six months, if they are non-tobacco users, they will receive \$200 from CVS Health. Those who are non-tobacco users after 12 months will be rewarded with an additional \$500 from CVS Health and will receive their \$50 deposit back.

screening and complete an online health assessment, each year. In 2015, we are extending a further reduction in paycheck contributions for colleagues whose spouses also participate.

Also in 2015, we are providing an incentive for colleagues enrolled in our health plan who do not use tobacco or who pledge to quit using tobacco through enrollment in a cessation program. If while completing their online health assessment, colleagues who do not use tobacco pledge to live tobacco-free, they will receive an additional \$50 deposited

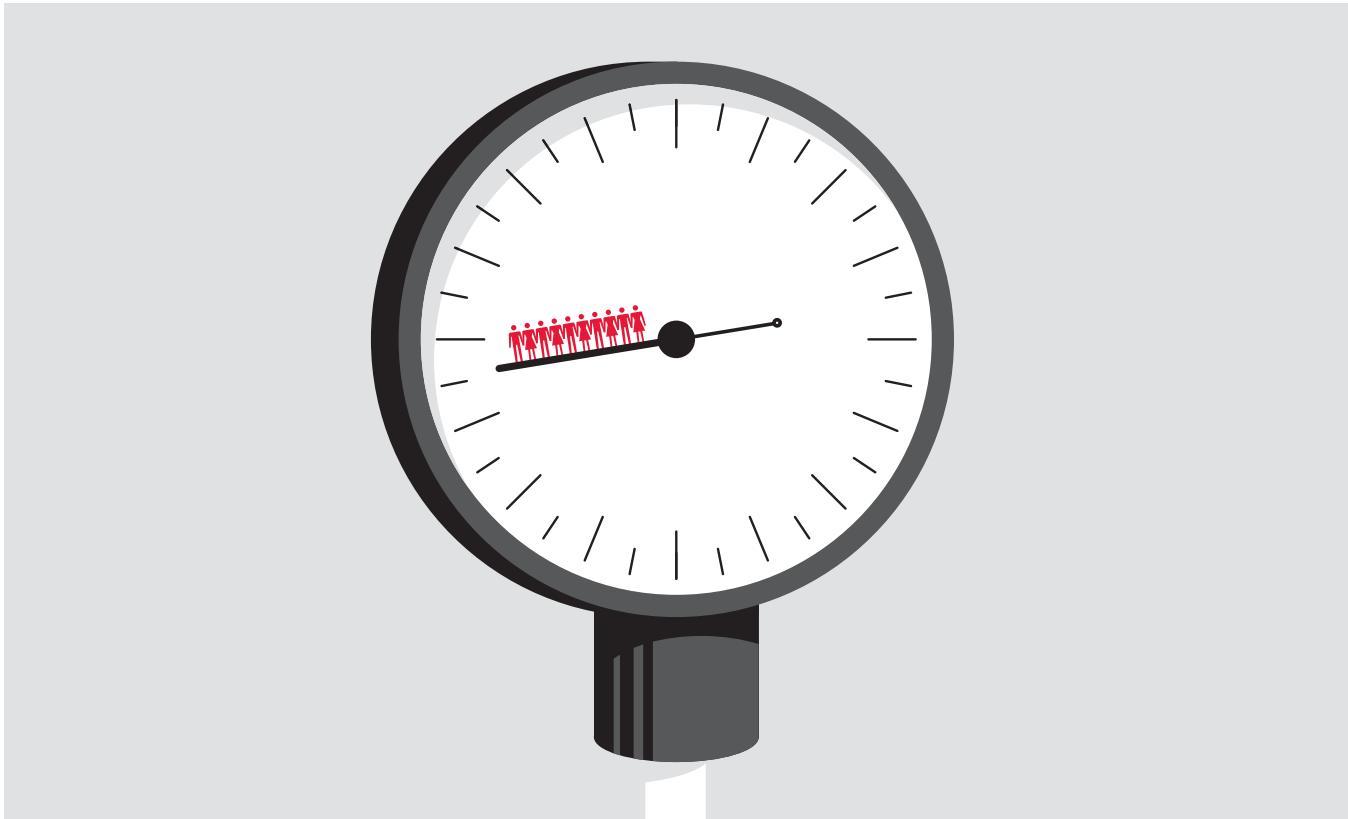
into their Health Savings Account. If their spouse does the same, they will receive a total of \$100. Beginning on June 1, 2015, all colleagues who use tobacco, not just those participating in our health plan, will be eligible for an incentive program designed to encourage the individual to take on the challenge of quitting tobacco.

Colleagues who enroll in this program must make a \$50 deposit of their own money. After six months, if they are non-tobacco users, they will receive \$200 from CVS Health. Those who are

non-tobacco users after 12 months will be rewarded with an additional \$500 from CVS Health and will receive their \$50 deposit back.

We continue to offer other incentives for colleagues who aim for better health through WellRewards, our employee wellness program. The program, which is facilitated through WebMD, offers colleagues access to an online, confidential health assessment, personalized health programs, and health challenges and trackers.

WellRewards is linked to our employee recognition program, Values in Action, which provides colleagues with the opportunity to earn up to 10,000 Values in Action points by completing a variety of wellness activities or challenges. The points can then be redeemed for up to \$100 to spend on merchandise or gift cards, many wellness-related, on the Values in Action website. In 2014, sample wellness activities included:



- Participating in the Stepping It Up For Summer walking challenge and completing at least 7,500 steps each day over a six-week period through the summer months. More than 7,000 colleagues met the target.
- Taking part in our 12-week Weight Loss Challenge in fall 2014. More than 3,000 colleagues took part, losing a total of almost 29,000 pounds.

In 2014, we also continued to fine-tune our health benefits, moving the majority of our colleagues into high-deductible health plans. Preliminary results of this switch suggest that colleagues are beginning to apply a more judicious use in health care spending. In response to feedback from colleagues, in 2015 we will deposit money into colleagues Health Savings Accounts twice yearly, with the first contribution at the beginning of a program year, and will introduce the option for colleagues to borrow against the second contribution if they have a health expense. These

measures will help colleagues pursue health care when they need it, rather than waiting until their HSA has sufficient funds. We continue to encourage colleagues to contribute their own money to their HSA, which offers several tax advantages, the ability to invest to earn additional savings, and allows 100% of funds to be rolled over year after year.

Employee Relief Fund

In 2011, we established a company-wide Employee Relief Fund (ERF) to provide short-term, immediate financial relief to colleagues who have suffered significant hardship as a result of a natural disaster, loss of a loved one, medical emergency, military deployment or other unforeseen events. Our company and colleagues contribute to this fund and, in 2014, more than \$235,000 was provided in grants to approximately 88 colleagues. Since the program was conceived, more than \$875,000 has been

granted through the ERF, supporting more than 300 colleagues during their time of need.

Recognizing our Colleagues

Recognition is an important element of the workplace experience at CVS Health, and we believe hard work and a commitment to our purpose should be rewarded and celebrated. Some examples of our recognition programs include:

Paragon Awards: Recognizing colleagues who have had an extraordinary impact on their work or in their community.

CEO Awards: Geared for colleagues who work in a corporate setting, and is presented to those who have led major initiatives, championed teamwork, generated innovative ideas, increased revenue or shown leadership around our core values.

Values in Action: An online rewards system in which all colleagues and

leaders can recognize each other and grant points redeemable for merchandise, travel vouchers, gift cards or charitable donations.

Values in Action Breakthrough

Awards: Celebrating colleagues whose ideas, actions and behaviors have led to a breakthrough that exemplifies our company values of innovation, collaboration, caring, integrity and accountability.

Prioritizing Health and Safety

At CVS Health, we create and reinforce a culture of safety through programs that focus on personal responsibility and continuous improvement.

Our safety program is supported by our Environmental, Health and Safety group through a dedicated Safety Team. Team members regularly visit our workplaces and work with colleagues to identify and address potential hazards, and assess opportunities for process improvements. The program itself is continually evolving to respond to emerging concerns and to make sure we have the best practices and training in place to keep our colleagues and customers safe. Ensuring that our Safety Team has the skills to create a culture of safety is also imperative. Over the past two years, we developed and conducted formalized skills assessment and trainings for our safety professionals, assuring they have the necessary tools to address the needs of our work environments today and in the future.

New Safety Initiatives in 2014

In 2014, the Safety Team finalized and implemented new training for all store and distribution center colleagues on how to recognize and prevent workplace violence. The Safety Team also worked with all appropriate business units to review and update core safety-related protocols — from bloodborne pathogen exposure control procedures to working around

powered industrial trucks. Our goal is to both ensure compliance with legal requirements and to ensure that documented policies and procedures are consistent with actual practices at CVS Health facilities.

Another focus in 2014 for the Safety Team involved working closely with Store Operations to enhance our “compliance scorecard” process, whereby the store manager of any store that has failed an internal monthly audit is required to develop and implement an action plan that addresses the issues identified. The district managers and pharmacy supervisors are responsible for following up on each action plan to ensure they have been appropriately completed.

Finally, the Safety Team enhanced its own internal processes by engaging an outside vendor to conduct “follow-along” assessments at stores after the Team’s assessment was completed. This was done to improve consistency in the way our Safety Team conducts store assessments and to ensure that any new issues facing our stores are identified and funneled into the safety assessment process.

The Safety Team also developed a comprehensive safety-based training for all new colleagues at distribution centers. That training will be rolled out to all distribution centers in the first half of 2015.

Other Updates on Safety Initiatives

To advance our Stockroom Standards Program, the Safety Team targeted select markets and conducted visits to all stores within these markets to provide specific counseling and coaching on the program, with a focus on enhancing inventory management. This program helps stores maintain Occupational Safety and Health Administration (OSHA) compliance in the stockroom areas. Since



Measuring Safety Performance

We measure the success of our safety programs and initiatives using a variety of tools. These include:

Toluna Scorecard: A monthly Environmental Health & Safety assessment score for our facilities that allows timely follow-up and corrective actions as required

Workers' Compensation Claims: Reports are produced by store, district and region and show the type and number of claims. The information is used to target areas of concern with new training and/or policies

Third Party Assessments: Enhances our internal inspections to better target areas of concern which might require additional training and/or a new policy and procedure

Peer Assessments: By monitoring retailers and health care providers, we identify opportunities to enhance CVS Health’s policies and procedures

Industry Engagement: Through participation in peer roundtables and safety associations, we can share our approach and learn from our peers, with the ultimate goal of maintaining best practices



In our PBM business, a Strategic Diversity Management Oversight Committee oversees a detailed Strategic Diversity Management Integration Plan that is being incorporated into the various PBM business units and facilities.

implementation started, we have had an overall decline in citations related to this type of work — and in 2014, we had zero “high gravity” OSHA citations — showing us that the program is working to help keep our employees safe.

We continued our focus on ergonomics by creating two new training modules that provide guidance on improving workstations and avoiding potential injury, and geared especially for our CVS/caremark colleagues.

Following the roll-out of our Emergency Action Plan to all stores during 2013 we plan to implement it in our corporate facilities and distribution centers. Our Emergency Response Team prepares for and responds to any emergency incident,

such as a natural disaster, interruption of business operations, facility evacuations, and shelter-in-place operations, and ensures the availability of medical care in the workplace. Incidents that required emergency action in 2014 were minor medical situations and building evacuations due to false fire alarms.

Following a successful pilot in 2013, CVS Health’s Food Protection Program was completely rolled out across the enterprise in 2014, providing for the safety and well-being of both our colleagues and customers. The program gives our colleagues the tools and knowledge to operate safely in their buildings, prevents the spread of foodborne illness, and ensures compliance with regulatory requirements. We are currently working with multiple state food safety departments to obtain their approval to utilize our specific training program in lieu of the individual jurisdiction programs, which we believe will provide a more consistent training platform for our colleagues.

Workplace Practices and Policies

We are committed to creating a welcoming, inclusive and productive workplace where all colleagues feel

safe and empowered to contribute at their highest levels. These principles are outlined in our Code of Conduct, which states that our workplace should be free from discrimination and harassment, threats or acts of violence or intimidation, and it should provide all employees an equal opportunity to grow and develop their careers and be appropriately compensated for their contributions to the company’s success. All colleagues receive and acknowledge our Code when joining the company and revisit it annually through training.

CVS Health’s Compliance team, in conjunction with support from the Legal Department, plays a role in assessing any potential code violations and corrective action, as needed.

We have professional and productive relationships with our union colleagues and their representatives, and recognize the rights of our employees to decide whether or not to join a union — which is included in our company policies.

We also comply with local labor laws regarding employment of youth. The minimum age of employment at CVS Health is 16, or older in some instances.

Goal: Take steps to ensure that the diversity of our colleagues represents the diversity of our customers and local communities

Every day, CVS Health serves millions of customers of all ages and from countless walks of life. In order for our businesses to thrive, it is vital to have a diverse workforce that reflects our customers, as well as the communities in which they live. It is also important that our workplace environment empowers all of our colleagues to succeed, regardless of their differences.

Our approach to diversity management includes four primary objectives

- Reflecting the marketplaces we serve and the demographics of our communities through our workforce
- Engaging our colleagues by leveraging workplace relationships to create and sustain a culture of inclusion
- Putting policies, practices, programs and procedures in place that enable us to develop and retain the best diverse talent
- Ensuring alignment with and engagement of external partners, customers, clients and communities

Diversity Leadership

Oversight of diversity management at CVS Health is the purview of the full Board of Directors. Our CEO and his executive leadership team serve as our Diversity Management Steering Committee and report to the full Board. In their role, each of these senior leaders serves as an executive sponsor for one of our 11 Colleague Resource Groups.

Our Diversity Management Leadership Council provides oversight and direction for the execution of enterprise-level strategic diversity management and focuses on reviewing progress and goals for workforce representation, colleague engagement, talent development and marketplace diversity. In addition, it is responsible for:

- Incorporating and leveraging strategic diversity management in each of their respective business units and corporate functions to deliver on business objectives
- Serving as visible and verbal champions of the company's diversity management strategy
- Providing advice and counsel on short- and long-term corporate driven initiatives that reach across the enterprise

Area Diversity Leadership Teams, which are established in all of our retail markets, as well as in the logistics, information systems and retail pharmacy departments, are responsible for translating and

executing the enterprise diversity management strategy at a department and business unit level. In our PBM business, a Strategic Diversity Management Oversight Committee oversees a detailed Strategic Diversity Management Integration Plan that is being incorporated into the various PBM business units and facilities.

Colleague Resource Groups (CRGs)

Our Colleague Resource Groups (CRGs) are one of the many ways CVS Health supports and celebrates diversity among our colleagues. The CRGs are networks that offer colleagues the opportunity to share or support a particular ethnicity, culture or perspective. They include Asian, Black/African American, African American-Hispanic, Portuguese-Latino, women, military, family-focused/caregivers, LGBT, health and wellness, those with differing abilities, and leadership. We introduced three new regional CRG chapters in 2014.

Also in 2014, a tobacco-free component was added into the health



and wellness CRG to support colleagues on their path to better health. In addition, two of our CRGs merged to leverage synergies, forming the Portuguese-Latino Empowerment Group. Interest grew in 2014 to form a new CRG focused on analytics, and plans are underway to launch it in 2015.

Colleagues are provided detailed guidance on how to form CRGs and, if approved, they are sponsored by the company and encouraged to represent CVS Health within the community as part of their overall business plan. At the end of 2014, there were 11 national CRGs and 40 regional chapters of these CRGs, comprising more than 5,000 colleagues in 26 states. CRG members also contributed approximately 2,200 volunteer hours to community initiatives as part of their 2014 efforts.

Mature Workers

CVS Health's mature workers program, Talent is Ageless, is an initiative designed to recruit and retain colleagues who are age 50 or older. In 2014, we employed 45,582 mature colleagues, many of whom came through partnerships we have with such organizations as the American Society on Aging, AARP (Senior Community Service Employment Program), National Caucus and Center on Black Aged, and National Able Network, among others. Mature workers represent about 22% of our workforce, up from less than 10% in the late 1990s.

Veterans, Current Service Members and Military Families

In 2014, we continued supporting enterprise-wide military alliance programs, including the Hiring Our Heroes program — the

U.S. Chamber of Commerce Foundation's nationwide initiative to help veterans and military spouses find employment. In 2014, we piloted an internship initiative exclusively for veterans at Richland College in Texas.

We also announced an initiative to double the number of Registered Apprenticeships we will offer to 3,000, which will include targeted roles for military hires. In 2015, we are establishing a Regional Learning Center, which will support the hiring and training of new veteran and military family recruits. We launched 14 new partnerships with military organizations, including:

The Value of a Veteran: Conducted recruiting, interviewing and military management skills training for company recruiters and hiring managers.

Business and Professional Women (BPW) Foundation:

Piloted the Joining Forces Mentoring Plus online mentoring program for women veterans. Two of our company's CRGs — Women's Success Network and VALOR, as well as the Logistics Diversity Leadership Council — participated in this soft launch to recruit mentors and promote the program. Plans are in place to expand the program's reach in 2015 to encourage our military spouses to become mentors.

USO: Donated \$100,000 during the week of Veterans Day through an in-store cause marketing program, in partnership with Johnson & Johnson Veterans Advantage. Partnered with the leading card benefit program for U.S. military, veterans and their families. CVS/pharmacy benefits now include 20% off cvs.com orders, \$20 off Veterans Advantage annual membership, and \$3 off an in-store coupon delivered to new members in our Welcome Kit.

Goodwill: Partnered with Pepsi for Operation Good Jobs. From October 26 through November 22, \$10,000 in proceeds from Pepsi products purchased at Michigan CVS/pharmacy locations were donated to assist with providing job training, education and placement services to Metro Detroit military veterans, their spouses and adult children, ages 18–25.

Youth Employment

In 2014, CVS Health hired approximately 41,500 young colleagues between the ages of 16 and 24. Our youth hiring initiatives are aligned with our continued support of the United States Department of Labor and President Obama's Summer Jobs+ initiative, a call to action for businesses, nonprofits and government to work together to provide pathways to employment for low-income and disconnected youth. We also forged partnerships with mayors' offices in major cities across the country to reduce the youth unemployment rate.

Diversity Training

CVS Health colleagues are introduced to our diversity management strategy during the orientation process and supported throughout the year through a variety of other diversity-focused training programs. One example is our Store Management Training Program course, Managing Diversity, which more than 2,400 colleagues participated in during 2014.

In addition, we continue to see increased demand and utilization of our diversity-related and cultural competency training materials that colleagues can access through our online Learning Management System, LEARNet. In 2014, new diversity-related courses brought in an additional 800 participants.



APNA Asian Professional Network Association

ABILITIES

BCRG Black Colleague Resource Group

PRIDE LGBTA Colleague Resource Group

DRIVEN Drive, Retain, Inspire, Value, Excel, Network.

FM Family Matters

LMG Latino Mentoring Group

PLEG Portuguese and Latino Empowerment Group

STEAM Supporting Training Education Advancing Motivating

VALOR Recruit Retain Develop

WSN Women's Success Network



In 2014, our company was named one of *DiversityInc*'s 25 Noteworthy Companies, one of the Top 10 Companies for Veterans and one of the Top 10 Companies for Employee Resource Groups.

Community Partners

In 2014, CVS Health collaborated with hundreds of partners across the country that work with and support individuals and families in multicultural communities.

National Partners

Hispanic Heritage Foundation (HHF): As the health care category sponsor in 2014, we provided educational grants to high school seniors for their academic achievement, leadership and interest in pursuing a career in health care. Additionally, CVS Health executives took part in panels across the country providing insight to young Hispanic leaders about health care careers as part of the LOFT (Latinos on the Fast Track) program.

United Negro College Fund (UNCF): We provided financial support to UNCF initiatives, to help college

students at historically black colleges and universities graduate.

National Urban League (NUL):

We supported the NUL, a civil rights organization dedicated to economic empowerment, by collaborating on a wide array of programs across the country.

Diversity Recognition

In 2014, our company was named one of *DiversityInc's* 25 Noteworthy Companies, one of the Top 10 Companies for Veterans and one of the Top 10 Companies for Employee Resource Groups. We were also recognized by *Professional Woman's Magazine*, *Careers & the DisABLED Magazine*, *LatinosForHire.com*, *Latina Style* and the U.S. Chamber of Commerce for our approach to diversity management and as an employer of choice.

LGBT Equality

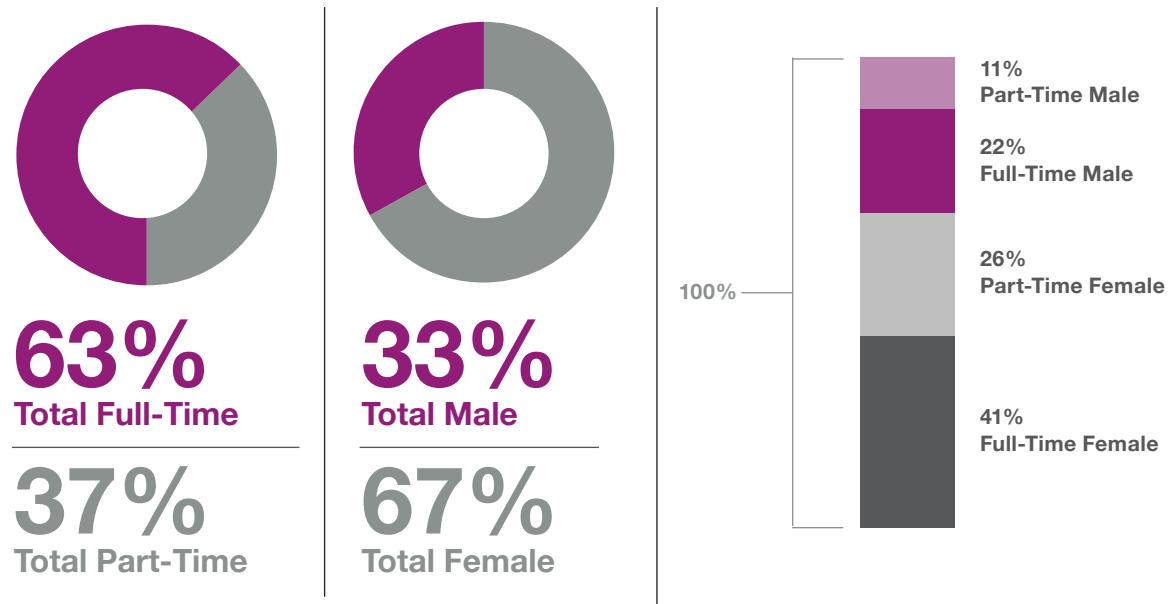
Best Place to Work

In addition, CVS Health scored 100% on the 2015 Corporate Equality Index, up from 85% the prior year. The improved score reflects our newly introduced transgender-inclusive benefits policies, which took effect in June 2014. These benefits now include coverage for medically necessary health care services that transgender people need, including transition-related treatment. With the 100% score, CVS Health is designated as a Best Place to Work for LGBT Equality.

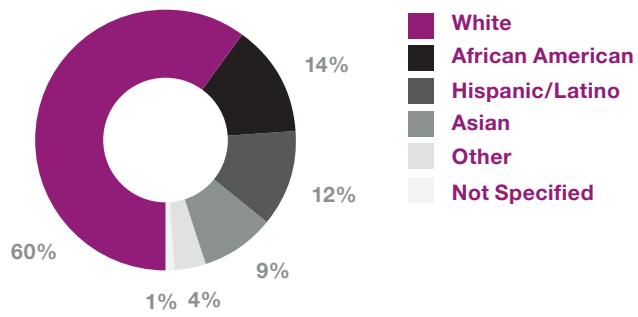
CVS Health Workforce Diversity

Total Employee Count 210,770

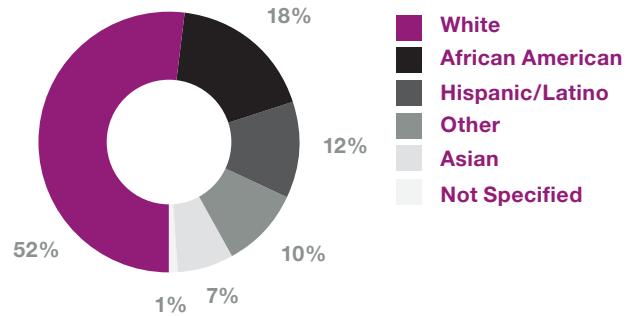
Employment Type + Gender



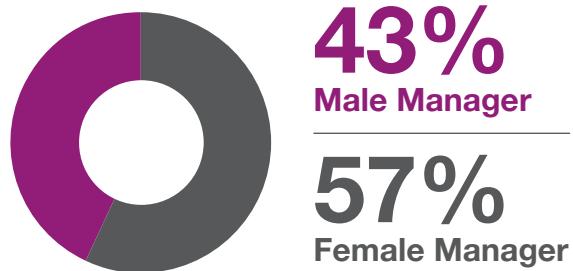
Full-Time + Ethnicity



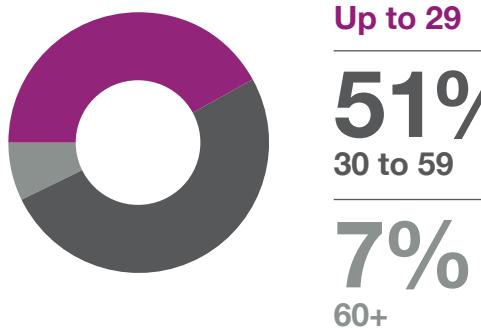
Part-Time + Ethnicity



Employee Composition + Gender



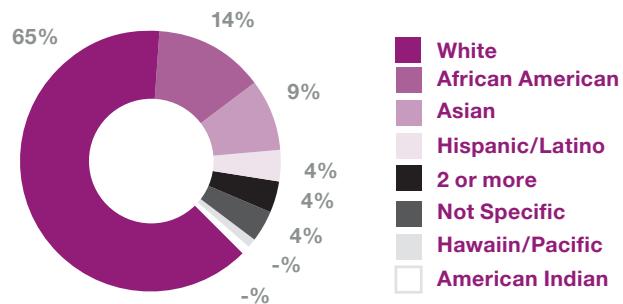
Employment Age



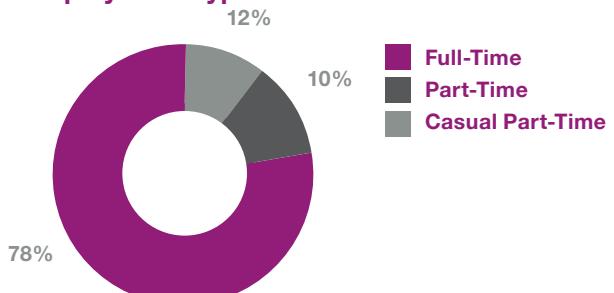
MinuteClinic Workforce Diversity

Total Employee Count 2,582

Ethnicity



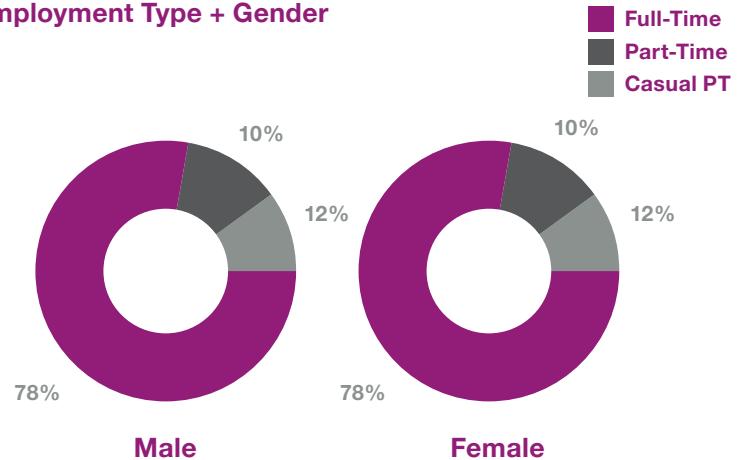
Employment Type



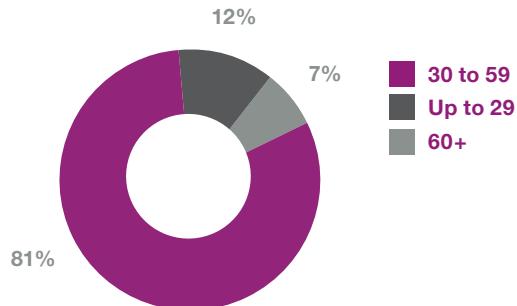
Employment Type + Gender



Employment Type + Gender



Age





Regulatory Compliance and Voluntary Standards are Met or Exceeded

Stakeholders, including stockholders, are increasingly demanding that companies have sound governance practices in place, are operating with integrity and are providing transparency on their business practices. Some of the specific areas of interest among stakeholders include: board independence and diversity; corporate public policy positions and political activities; and data security and customer privacy issues.

Goal: Provide transparency around corporate policies and practices in ways that build trust with stakeholders

Board Independence

According to our Corporate Governance Guidelines, a substantial majority of directors must meet the New York Stock Exchange (NYSE) requirements for independence. The Board determines the independence of each director annually and reevaluates its determinations during the year as needed. In 2015, we have 11 members on our Board — all of whom are independent, except for our president and chief executive officer, Larry Merlo. Only Directors determined by the Board to meet independence standards serve on our Board's Audit, Nominating and Corporate Governance, and Management Planning and Development Committees.

Shared Responsibility via Board Committees

The Board considers its role in risk oversight when evaluating the company's Corporate Governance Guidelines and its leadership structure. In 2014, the Board transferred governance responsibility of two areas — succession planning and diversity — from Committee responsibility to full board responsibility. The Chairman and the CEO are each focused on the company's risk management efforts and ensure relevant matters are appropriately brought to the Board and its Committees for their review. The other Board Committees are responsible for

oversight of risk management practices for the categories relevant to the functions.

Board Diversity

The Nominating and Corporate Governance Committee of the Board focuses on the following qualities in identifying and evaluating candidates for Board membership: background, experience and skills; character, reputation and personal integrity; judgment; independence; diversity; commitment to the company and service on the Board; and any other factors that the Committee may determine to be relevant and appropriate.

While we do not currently have any specific minimum qualifications for candidates or a specific policy regarding diversity, the Committee believes that the Board's composition, which represents diverse backgrounds and experiences, provides significant benefits to the company. The Board membership in 2015 includes eight men and three women.

Contacting the Board of Directors

Stockholders and other parties, including employees, interested in communicating directly with the Board of Directors may do so by sending correspondence to their attention, care of CVS Health Corporation, One CVS Drive, Woonsocket, RI 02895. The Corporate Secretary of the company reviews all such correspondence and, as she deems necessary or advisable, supplies to the Board with a summary of all correspondence that deals with the functions of the Board or its Committees.

Stockholder Proposals

CVS Health views the stockholder proposal process as an important avenue for stockholders to raise material concerns relating to environmental, social and governance issues. When a stockholder proposal is submitted, we typically engage proactively with the filing parties to better understand and address their concerns. Through this type of engagement, we are often able to resolve the concerns and the proposal will subsequently be withdrawn. In cases where matters are not resolved, we comply with the Securities and Exchange Commission (SEC) rules and reprint properly submitted stockholder proposals and supporting statements, as they were submitted to us, in our annual proxy statement. There were no stockholder proposals in the 2014 CVS Health Proxy Statement.

Participating in the Political Process

CVS Health participates in the political process to help shape public policy and address legislation that has a direct impact on the company and the industry as a whole. Our engagement ensures that the interests of our business, customers, shareholders and employees are fairly represented at all levels of government. It is CVS Health's policy that the CEO and the Board are responsible for determining the company's policy and political interests in a manner consistent with applicable laws. The Nominating and Corporate Governance Committee reviews and considers the company's policies and practices, including expenditures, regarding political contributions and direct and indirect lobbying. It will also review and consider the company's policies and practices regarding other significant public policy issues. In this section, we describe our Public Policy Principles, lobbying activities, political donations, Employees Political Action Committee and our trade association participation.

Public Policy Principles

Our Public Policy Principles outline our priorities for participating in the public policy sphere. We are committed to addressing health costs, quality and access because they are essential factors in helping people on the path to better health. We work with federal and state policymakers, others in our industry, the broader business community and nonprofit and civic partners to advance policies that will improve health outcomes.

Lobbying Activity

Our Government Affairs team represents the company's point of view in Washington, D.C., in state capitals and with regulatory agencies around the country. We focus on legislative and public policy issues that impact the company's delivery of pharmacy

health care and long-term business interests, and we communicate with policymakers and stakeholders on issues that impact our business, health plan clients and customers.

Lobbying is highly regulated in the United States, and we comply with applicable U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules. Starting in 2015, we posted copies of our federal lobby reports on our website to make the information more accessible to our stakeholders.

CVS Health participates in the political process to help shape public policy and address legislation that has a direct impact on the company and the industry as a whole.

Political Donations

As a corporation, CVS Health is prohibited by federal law from making contributions directly to candidates or political parties in federal elections. We make contributions at the state level, as allowed by state laws. All of the company's contributions promote the interests of the company and are made without regard for the private political preferences of company officers and executives. A listing of our 2014 political donations at the state and local level, including candidates, political parties and ballot initiatives, is available in the Political Activities and Contributions report on our website. All past reports published by CVS Health are also maintained on our website.

**CVS Health was ranked
among first tier companies
in the 2014 CPA-Zicklin Index
of Corporate Political
Disclosure and Accountability,
with a score of 80% —
an improvement over a
second tier ranking in 2013.**



CVS Health Employees Political Action

As with many corporations, we offer certain eligible employees an opportunity to participate in the political process by voluntarily contributing to the CVS Health Employees Political Action Committee (EPAC). Political contributions to federal candidates, certain state candidates, political party committees and political action committees are made by our EPAC. Consistent with federal law, CVS Health pays the administrative, solicitation and compliance costs of the committee. The activities of the CVS Health EPAC are subject to comprehensive regulation by the federal government, including detailed disclosure requirements.

Under the Lobbying Disclosure Act of 1995, CVS Health submits to Congress semi-annual reports, which also include a listing of CVS Health EPAC's contributions to federal candidates. We report these contributions in the Political Activities and Contributions report on our website. Included on our website

are disclosures of the contributions the CVS Health EPAC also makes at the state level. We also operate employee-funded state Political Action Committees (PACs) in Rhode Island, Massachusetts and New York. CVS Health has a policy governing political contributions made from corporate and EPAC funds to ensure that all potential political contributions made by or on behalf of CVS Health or a CVS Health EPAC are reviewed and approved internally for compliance with all federal, state and local laws, and that all of the company's political activities are conducted in accordance with high ethical standards. This policy applies to all employees of CVS Health, and each of its subsidiaries and affiliates. CVS Health does not make any independent expenditures in federal, state or local elections. CVS Health requires certifications of compliance with this policy, generally through the company's annual compliance training. Certifications must be submitted following such training by all CVS Health representatives and employees at the director-level and above who maintain budgetary

authority for potential political contributions.

Trade Association Participation

CVS Health participates in various federal and state trade associations or organizations that operate in support of specific industries. Trade associations participate in activities such as education, advertising and lobbying to influence public policy. Many associations offer other services, such as producing conferences, networking or charitable events or offering classes or educational materials. Some associations also make political contributions or operate a PAC.

In 2014, CVS Health paid nearly \$4.3 million in dues to trade and industry associations for advocacy and/or political activities. Details regarding 2014 membership dues can be found in our annual Trade Association Dues Report, along with past reports. These reports include the amount paid for advocacy and/or political purposes for any trade or industry association with annual total dues of \$25,000 or more.

Goal: Ensure policies and practices are best-in-class and processes are in place to execute

In recent years, as personal information is shared through ubiquitous technology, reports of privacy and data breaches have increased. At CVS Health, our role in the health care industry requires us to collect and maintain personal information, and we are acutely aware of our responsibility to protect the information in our charge. In this section we describe the ways in which we manage our information security functions, and the programs we have in place to ensure ongoing compliance by colleagues across the organization.

Managing Information Security and Governance

Maintaining the confidentiality, integrity and accountability of CVS Health data is not only a legal responsibility, it is essential to the company's values and an integral part of the trust placed in us by our customers. The measures taken to protect and secure personal information across the enterprise is implemented through our Information Governance Framework.

Information Security Program

CVS Health employs industry standard technology safeguards, including network firewalls, intrusion prevention, and malware detection systems to identify and prevent potential cyber attacks. We maintain rigorous policies and procedures for authentication and authorization to systems that restrict access to and define appropriate use of client and plan member data. Through our audit compliance plan, we continuously monitor and assess our systems and networks so appropriate safeguards can be implemented to mitigate the risk of security violations and intrusions. We also conduct regular assessments against our security and privacy controls, and address any issues that may have been identified during the assessment period in a timely manner.

Security awareness is promoted throughout the organization and our colleagues are required to complete security training annually. Training is

also conducted within 30 days after the date of hire for contractors, within 21 days for retail colleagues, and within 12 days for PBM colleagues. Compliance is tracked to ensure trainings are completed.

In 2014, we added more staff and expanded the coverage and visibility of the Security Operations Center across affiliate companies. We also commissioned a security assessment of our retail stores in October 2014. The results of the assessment led to enhancements of training and educational offerings for colleagues. In early 2015, we launched a new mandatory Information Security Awareness curriculum for all colleagues and Social Engineering Detection training for those colleagues who work in our store operations. Also in 2014, as per the Payment Card Industry Data Security Standard, we completed an annual external assessment by a qualified security assessor of our policies and safeguards in connection with cardholder data. The assessment found no major security risks or faults for cardholders or our company.

Today, security threats are very real and cyber criminals are proving to be relentless. We must and will continue to invest in security measures and maintain our focus on protecting the information entrusted to us, while also ensuring information is available for all authorized business purposes.

Privacy Program

Protecting private information and the confidentiality of those we serve are conditions of employment with CVS Health and are described in detail in our Code of Conduct. All of our colleagues receive privacy and security training, the frequency of which depends on a number of factors, including where an employee works within the company and how likely that position is to encounter privacy risks. Generally, this equates to an annual training for corporate employees, semi-annual training for in-store and pharmacy employees, and as-needed retraining for employees following their involvement in a potential incident.

We also maintain a privacy program aimed at improving and enhancing our privacy practices. Internal privacy activities include an investigation and response team that manages the review and response to any potential privacy incident. When potential privacy incidents are discovered, the team uses a protocol that involves an assessment of the incident and, when necessary, tracking and resolving the incident so that we mitigate any privacy risks. When appropriate, we retrain our colleagues or develop a corrective action plan. In addition, we conduct a periodic risk assessment of our privacy practices. For example, we periodically review our retail facilities by using an independent assessor to review a statistically significant sample of stores to ensure implementation of our privacy protections and safeguards.

In 2014, we posted CVS Health's Privacy Commitments, along with our privacy policy, on our website.

Vendor Assessment Program

CVS Health maintains a Vendor Assessment Program. Through it, each vendor who collects, uses, stores, shares, processes, transmits or destroys confidential information on our behalf must undergo initial and recurring assessments to ensure they are operating in accordance with our privacy and information security policies and procedures.

Governance Oversight

We operate oversight committees to enhance our privacy and information security programs. The committees meet periodically to make recommendations aimed at enhancing our practices, which are then implemented at the company. We also engage senior leaders in decision-making processes related to new digital interfaces and analytical technologies to help ensure appropriate protections and safeguards are taken into consideration when we implement these tools.

Remaining Compliant

We work to ensure that the right business practices, policies and processes, as well as compliance mechanisms, are in place. CVS Health is committed to following ethical standards and complying with all applicable laws and regulations in the conduct of our business. This commitment extends to everyone within the organization and to all interactions with customers, plan members, clients, physicians, vendors and all other business associates.

Programs and Oversight

CVS Health's Compliance and Integrity Program provides a framework for

fostering a culture of compliance throughout the company. Key components include: our Code of Conduct; policies and procedures; education and training; reporting mechanisms for unethical behavior or non-compliance; remedial measures and discipline procedures; periodic assessments; fraud, waste and abuse, and compliance programs applicable to our Medicare Part D business.

Our Chief Compliance Officer (CCO) is responsible for overseeing and implementing our Compliance and Integrity Program. Our CCO reports to the Audit Committee of the Board of Directors and to the company's Chief Executive Officer. As part of the administration of the program, the CCO chairs the Corporate Compliance Committee, a cross-functional group comprised of company legal and business leaders who provide expertise, coordination and oversight.

Code of Conduct

The CVS Health Code of Conduct sets forth the company's expectation of legal and ethical behavior of all employees. The CCO leads the development of and periodic updates to the Code, which is reviewed by the Board of Directors.

Compliance

Education and Training

The CVS Health Integrity Training Program underscores the company's commitment to high ethical standards and practices that comply with applicable laws, regulations and company policies. Training content is reviewed and approved by the Compliance Office, and aims to raise employee awareness of policies through the presentation of real-life work situations that pose ethical dilemmas or may violate aspects of our Code of Conduct.

We provide this training to all new full-time or part-time employees and also require that they have read and understand our Code of Conduct. Ongoing compliance training requirements are based on employee job function and responsibilities, and existing government mandates.

Ethics Line

CVS Health maintains a toll-free, 24-hour Ethics Line to receive communications from employees, vendors and other third parties in connection with alleged unethical or illegal behavior. Parties also may contact the Ethics Line via mail, email or fax. In addition, any employee has the ability to raise a compliance issue and seek guidance directly with the CCO and members of management, Human Resources and the Legal Department. CVS Health has a strict non-retaliation policy that protects our employees who use these resources in good faith.

Our Compliance Office oversees the Ethics Line as well as other alleged violations and is responsible for logging, triaging, following up and tracking reported potential compliance violations to conclusion. This includes directing a thorough investigation and, upon completion, determining whether credible evidence of a violation exists. When it is confirmed that misconduct has occurred, corrective action — which may include remedial action to address the specific issue or help prevent similar issues in the future, discipline and/or additional training — is initiated promptly.

As appropriate, certain confirmed violations may be reported to outside agencies or authorities. In addition, the CCO provides the Audit Committee of the Board of Directors with information concerning significant violations or alleged significant violations of the Code of Conduct and applicable policies and procedures.

Supply Chain Responsibility

Doing business with a broad range of suppliers spreads economic opportunities around, from diverse suppliers in the United States to vendors around the world. Companies are also expected to help mitigate potentially negative impacts by ensuring that their suppliers are upholding applicable laws and operating in accordance with their social and environmental compliance standards.

Goal: Engage store brand suppliers to ensure compliance with our social and environmental policies, and to help drive a best-in-class approach

Much like CVS Health's internal Code of Conduct, the expectations we have for our suppliers are communicated through our Supplier Ethics Policy and further enhanced through our Global Supplier Audit Program, which plays an important role in preventing, detecting and resolving instances of potential unethical behavior and noncompliance. We describe these and the related initiatives that we have in place in the sections that follow.

Ensuring Human Rights Considerations

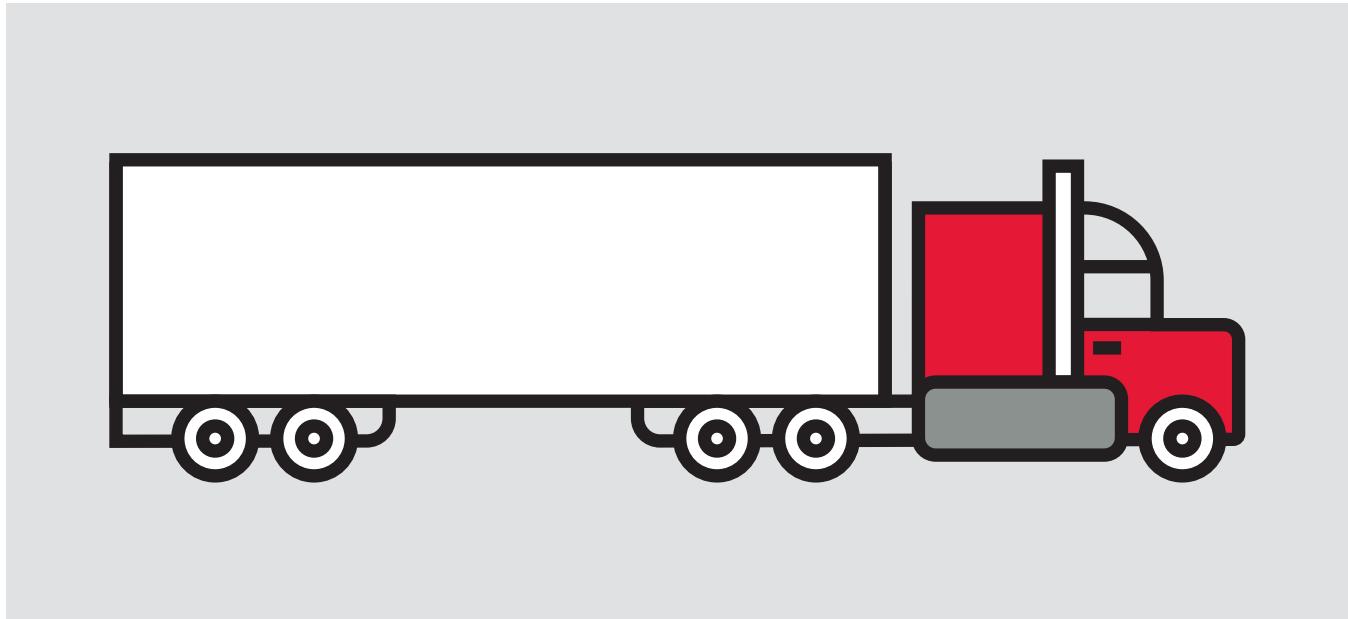
Respect for human rights is expressed in CVS Health's Supplier Ethics Policy, which all new and existing vendors must adhere to as a condition of doing business with the company. This includes suppliers producing direct import and CVS Brand items manufactured in high-risk countries but sourced domestically.

The policy is aligned with the principles outlined by the International Labour Organization and the United Nation's Universal Declaration of Human Rights, which prohibits human trafficking and

the use of child, forced or imprisoned labor; requires that working conditions are safe and fair; forbids any form of discrimination with regard to age, gender, minority status and/or other protected classes; and upholds the right to freedom of organization, among other essential human rights. We monitor compliance with the Supplier Ethics Policy through risk-based audits conducted by external third parties. For more information about audits, please see the Global Supplier Audit Programs section.

The same international principles that are applied to our Supplier

Ethics Policy are also upheld in our workplace policies and practices, and in the CVS Health Code of Conduct. We believe every employee is entitled to a safe and healthy work environment that is free from discrimination and harassment, threats or acts of violence or intimidation and where all employees have an equal opportunity to grow and develop their careers and be appropriately compensated for their contributions to the company's success. For more information on our workplace practices, please see page 69.



Supplier Ethics Policy

CVS Health requires all suppliers to conduct business in accordance with the Policy and other applicable legal and ethical standards. We seek suppliers that share our values as well as our promise to deliver outstanding service. CVS Health suppliers are required to adhere to our company's ethical standards, supplier requirements, and business processes, which are published on our supplier website and communicated in our CVS Health Supplier Ethics Policy. As defined by this policy, suppliers must:

- Prohibit human trafficking and the use of child, forced or imprisoned labor and provide working conditions that are safe and fair
- Forbid any form of discrimination with regard to age, gender, minority status and/or other protected classes; and uphold the right to freedom of organization
- Conduct business in accordance with established legal and ethical standards
- Not require workers to surrender identity papers, other critical personal documents, or a "deposit" as a condition of employment
- Not subject workers to physical or mental coercion

- Strictly adhere to applicable child labor and workplace safety laws and regulations and respect and apply international treaties, compacts and regulations addressing the use of child labor and workplace safety in the absence of applicable local law setting minimum standards for the protection of workers
- Pay workers a fair and legal wage under applicable laws and regulations and not withhold wages for coercive purposes
- Adhere to and be familiar with import requirements of the United States Customs and Border Protection, a component of the Department of Homeland Security, and other United States governmental and/or regulatory agencies, including Customs-Trade Partnership Against Terrorism
- Not appear on the United States Department of Health and Human Services or the General Services Administration's Lists of Parties Excluded from Federal Programs

CVS Health also requires full compliance with all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act. Vendors and suppliers may not, directly or indirectly, offer, pay, promise or authorize the payment

Forbid any form of discrimination with regard to age, gender, minority status and/or other protected classes; and uphold the right to freedom of organization

of any money or thing of value to any government official, including any employee or agent of a government-owned or government-controlled business, for the purpose of: influencing any act or decision of such government official, in his/her official capacity; inducing such government official to do or omit doing any act in violation of the lawful duty of such official; securing any improper advantage; or inducing such government official to use his/her influence in order to assist in obtaining or retaining business.

Our internal Code of Conduct also addresses the company's standard of ethics when interacting with suppliers. Employees with direct responsibility for import supply chain management have been trained on mitigating risks within the supply chain of products, including risks associated with human trafficking and slavery.

CVS Health requires all suppliers to conduct business in accordance with the CVS Health Supplier Ethics Policy and other applicable legal and ethical standards. We seek suppliers that share our values as well as our promise to deliver outstanding service.

Global Supplier Audit Programs

We monitor compliance with the Supplier Ethics Policy through risk-based audits conducted by our partner, Intertek, and other external third parties. The CVS Health Factory Social Audit Program helps us assess our performance and allows us to compare the results against industry standards. This ensures that our direct import suppliers and other store brand suppliers are in compliance with social, legal and trade security standards in accordance with local laws in which they operate.

Our factory audit program focuses on auditing new and existing foreign factories that manufacture both direct import and CVS Brand items. In 2014, we expanded our factory audit program to include factories in Japan and the European Union. Beginning in 2015, we will assess certain subcontractors based on their risk profile. This follows the implementation of our policy in late 2013 requiring factories to disclose a list of their subcontracts to us.

CVS Health partners with Intertek by utilizing its Workplace Conditions Assessment (WCA) and the Global Security Verification (GSV) audit programs. The WCA program is based on industry best practices and assigns scores based on observation for the following five criteria:

- Labor, including child labor, forced labor, discrimination, discipline, harassment or abuse, freedom of association, and employment contracts
- Wages and Hours, including hours worked, wages and benefits
- Health and Safety, including facility safety, emergency preparedness, occupational injury, machine safety, safety hazards, chemical and hazardous materials, and within dormitories and canteens
- Management System, including having established policies and procedures to ensure compliance with applicable laws
- Environment, including compliance with all required environmental permits, licenses and registrations, being aware of the potential environmental impacts of a site and having an effective environmental management system to better understand and comply with all environmental laws, regulations, and permits as they relate to hazardous waste and emissions

2014 Audits Performed by Country

Country	Total Number of Audits	Percentage of Audits
China	741	83.2584%
Mexico	19	2.1348%
India	18	2.0225%
Taiwan	17	1.9101%
Vietnam	16	1.7978%
Israel	9	1.0112%
South Korea	9	1.0112%
Japan	7	0.7865%
Thailand	7	0.7865%
Germany	6	0.6742%
Italy	6	0.6742%
Turkey	4	0.4494%
United Kingdom	4	0.4494%
Netherlands	3	0.3371%
Spain	3	0.3371%
Denmark	2	0.2247%
France	2	0.2247%
Indonesia	2	0.2247%
Malaysia	2	0.2247%
Philippines	2	0.2247%
Portugal	2	0.2247%
Switzerland	2	0.2247%
Argentina	1	0.1124%
Belgium	1	0.1124%
Colombia	1	0.1124%
El Salvador	1	0.1124%
Finland	1	0.1124%
Hungary	1	0.1124%
Sri Lanka	1	0.1124%
TOTAL	890	100.00%

In 2014, 100% of the factories producing CVS Brand and direct import products in countries outside of the U.S. and Canada, including all new supplier factories, underwent a human rights screening via the CVS Health Factory Social Audit Program.

A primary focus in 2014 was engaging lower-performing suppliers and factories scoring between 51 and 74 (out of 100) during an audit. Our goal is to work with them directly in order to remediate their factory performance on social compliance, rather than to exclude them immediately from our supply chain. In 2015, we plan to further enhance our supply chain's remediation and corrective action activities.

We also conducted our semi-annual supplier and factory training on social compliance and new subcontracting requirements in Shenzhen and Shanghai, China. In addition to our

in-person training, we communicate supplier requirements, including our zero-tolerance policy, through our cvssuppliers.com website. In 2015, we plan to introduce additional process improvements and training opportunities. In lieu of the WCA audits, CVS Health accepts other globally recognized third-party social audit reports, including:

- ICTI — International Council of Toy Industries
- WRAP — Worldwide Responsible Accredited Production
- BSCI — Business Social Compliance Initiative
- SA8000 — Social Accountability International (SAI)

CVS Health also participates in Intertek's GSV security audit program to maintain our Customs-Trade Partnership Against Terrorism (C-TPAT)

certification status with the U.S. Customs and Border Protection. We perform GSV audits on 100% of foreign factories that produce direct import products and are located outside of China, and 20% of foreign factories located within China.

CVS Health takes its Global Supplier Audit Program very seriously, including setting policies around zero-tolerance and non-passing audits. If a factory does have a zero-tolerance failure, such as child labor, forced or prison labor, abuse, harassment or attempted bribery, the company will take appropriate action up to and including canceling all orders and placing the factory on probation for one year. In 2014, we performed initial and follow-up assessments on a total of 890 factories and discovered 33 zero-tolerance failures. The details of the zero-tolerance incidences are listed in the table below.

2014 Zero-Tolerance Incidence

2014 Zero-Tolerance Issues/Low Scoring Factories	Number of Factories found to have a Zero-Tolerance Issue	Action Taken	Follow-up/Remediation Process
Forced/Prison Labor	0	N/A	N/A
Abuse & Harassment	0	N/A	N/A
Life-Threatening Conditions — Locked/Blocked Exits	7 Locked/16 Blocked 23 (2.6% of total audits)	Orders for 22 factories with locked/blocked exits were placed on hold until corrective action was taken. Orders for 1 factory were cancelled.	For blocked exits, immediate corrective action was taken and proof of correction was submitted through a corrective action plan for approval. For locked exits, either corrective action was taken or the orders were moved to approved factories. One order was cancelled.
Attempted Bribery (Factory Management Bribing the Auditor to receive a passing Score on the audit)	9 (1.0% of total audits)	Orders for all 9 factories were canceled and all 9 factories were placed on a one-year probation. All factories must pass a social audit prior to receiving new orders.	Production for approved orders were moved to approved facility.
Child Labor	1 (0.1% of total audits)	Orders were canceled. Facility was placed on probation.	Production for approved orders were moved to approved facility.

Goal: Encourage diversity within our supply chain

Supplier diversity provides CVS Health a competitive advantage, contributing to our supply-chain excellence and enhancing our brand among our customers. By strengthening the inclusion of diverse supplier and diverse-owned pharmacies, we are not only creating economic opportunities, but also helping to foster strong relationships with our customers and suppliers who live in the communities we serve and shop in our stores.

Supplier Diversity Program

Our Supplier Diversity Program aims to ensure all types of businesses are given the opportunity to do business with CVS Health. This expands our supplier pool, increasing competition and potentially reducing cost, and contributes to a more resilient supply chain.

Our Supplier Diversity Program consists of two tiers: Tier I focuses on monitoring our purchases to ensure we have diverse suppliers providing quality goods and services. Tier II monitors the diversity of the suppliers employed by our large-valued Tier 1 suppliers. Our two-tiered program further demonstrates our commitment to both the use of diverse direct suppliers and to doing business with suppliers who are embedding diversity in their own supply chains. In 2014, we continued to build our efforts for this program in the following ways:

- Held a series of Construction Business Building Events in Dallas, Fort Lauderdale, FL, La Habra, CA, Charlotte, NC, and St. Louis, MO. More than 100 suppliers participated in the St. Louis event, which offered them the chance to meet and make valuable connections with CVS Health purchasing representatives and learn about

potential business opportunities. In 2014, CVS Health anticipated 70 store remodels and 10 new store openings in the Missouri, Southern Indiana and Southern Illinois markets, with a need for a broad range of supplier skills over a period of approximately 18 months.

- Maintained our memberships with the National Minority Supplier Diversity Council (NMSDC), NMSDC Health Care Industry Group, NMSDC Retail Industry Group, Women's Business Enterprise National Council, Association for Disabled Veterans Business Enterprises, United States Hispanic Chamber of Commerce, the National Gay and Lesbian Chamber of Commerce, Keeping the Promise, the U.S. Pan Asian American Chamber of Commerce and U.S. Business Leadership Network (Disability at Work). In 2014, we added two new organizations to our list of membership partners: United States Business Leadership Network (USBLN)-Disability Supplier Diversity Program and the Elite Network of Service Disabled Veteran-Owned Business (SDVOB).
- Sponsored, attended and/or exhibited at several Supplier Diversity Development Council events and

Business Opportunity Fairs, including three where we offered free health screenings to diverse suppliers. The events included:

- Puerto Rico Minority Supplier Development Council
- Women Business Enterprise National Council Summit and Salute
- South Florida Minority Supplier Development Council
- United States Hispanic Chamber of Commerce Legislative Summit
- Chicago Minority Supplier Development Council
- Keeping the Promise- Disabled Veterans Business Alliance
- Women's Business Enterprises National Council
- Celebrasian – USPAACC Conference
- National Gay Lesbian Chamber of Commerce
- The Elite Network National Conference
- United States Business Leadership Network Conference
- National Minority Supplier Development Council Business Fair

A man wearing glasses, a dark jacket over a white shirt and patterned tie, is looking down at a black tablet computer he is holding in his hands. He is standing in what appears to be a warehouse or industrial setting, with large cylindrical metal drums visible in the foreground and background shelves filled with various items.

Our Supplier Diversity Program consists of two tiers: Tier I focuses on monitoring our purchases to ensure we have diverse suppliers providing quality goods and services. Tier II monitors the diversity of the suppliers employed by our large-valued Tier 1 suppliers.

Supplier Diversity Recognition

In 2014, CVS Health was recognized as the Best Diversity Company by readers of Diversity Careers Magazine and the Top Supplier of Diversity Programs for Women, African Americans and Veterans. We also ranked as one of America's Most Admired Corporations for Supplier Diversity by Minority Network USA Magazine and were among the WE Top 100 corporations in Supplier Diversity. For the second year, Diversity Plus Magazine recognized Monette Knapik, CVS Health's Director of Strategic Procurement, as one of the Top 25 Women Impacting Diversity.

we need, while providing a broader forum for suppliers to list their services and build their businesses. Diverse suppliers can also register through our online portal, which allows us to consider diverse suppliers in all not-for-resale sourcing and procurement opportunities and helps facilitate the tracking of Tier I and Tier II spending, supplier certification and capabilities. In 2014, more than 800 certified diverse suppliers registered within the online portal. In addition, we awarded, and are currently doing business with, more than 1,500 certified diverse

In 2014, we spent more than \$700 million with diverse vendors in our Supplier Diversity Program. Our goal is to reach \$1 billion by 2017. Diverse suppliers are defined as Minority Owned, Woman Owned, Veteran or Disabled Veteran Owned, Disability Owned, Disadvantaged Owned, LGBT Owned, HU-Zone Owned, 8(a) Owned Business Enterprise or a Small Business Enterprise. We also recognize certifying organizations such as the National Minority Supplier Development Council, Women's Business Enterprise National Council, National Gay and Lesbian Chamber of Commerce, United States Hispanic Chamber of Commerce, U.S. Pan Asian American Chamber of Commerce, U.S. Business Leadership Network, Small Business Association or a recognized government agency.

CVS Health also strives to include local diverse suppliers that conduct repair and maintenance services at company facilities. In 2014, we continued to encourage our local suppliers to register with Service Channel (Fixxbook), a third-party online platform that helps us find diverse suppliers to provide the services

suppliers across our not-for-resale business activities.

Diverse Retail Pharmacy Program

Diversity is also an important component of the pharmacy partners we work with on behalf of our

Construction Business Events

300+
suppliers trained
on how to build a
capabilities statement

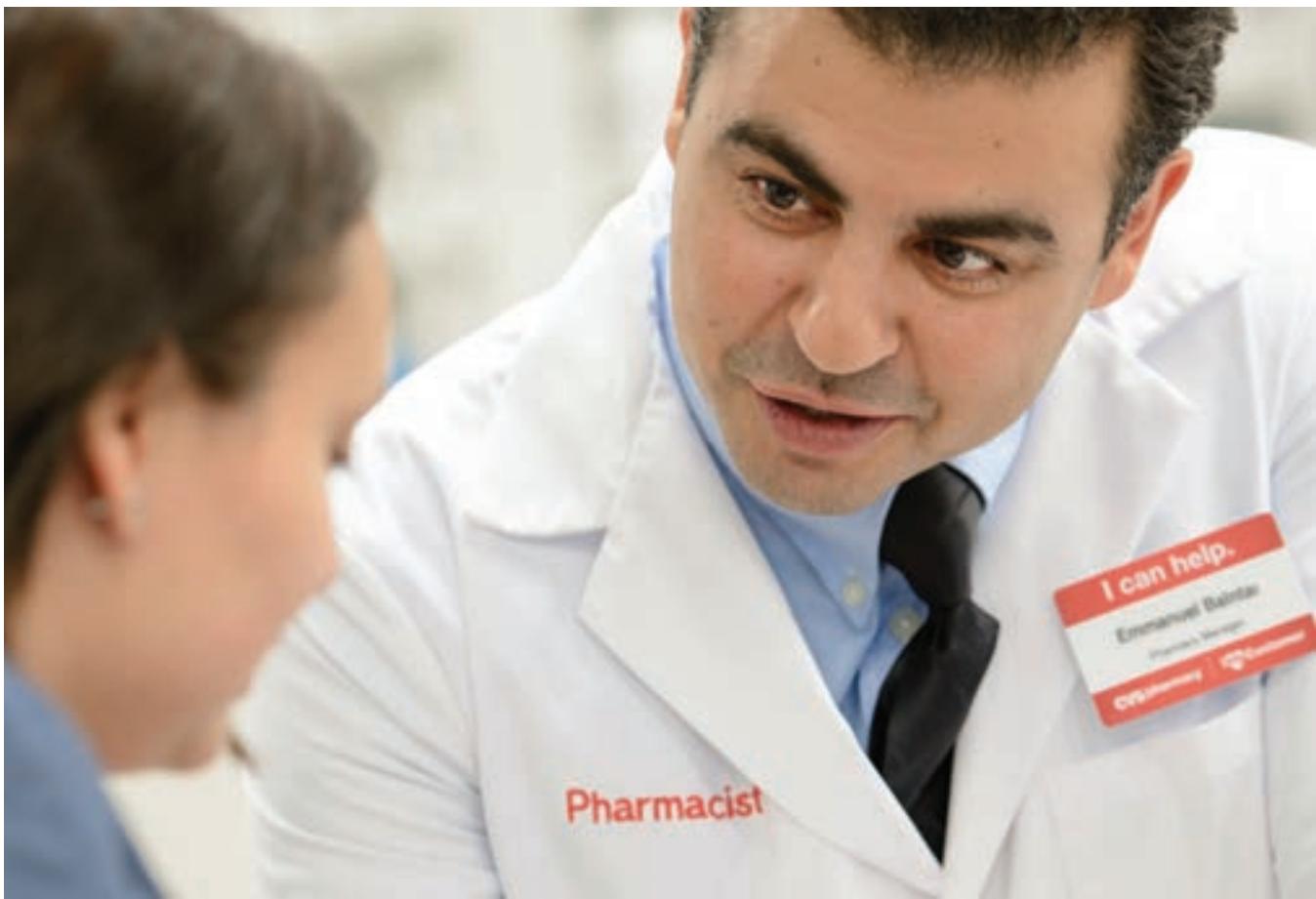
500 +
new diverse suppliers
added to our database

40+
suppliers provided
tender opportunities

15
suppliers awarded business

pharmacy benefit management (PBM) business. Our Diverse Retail Pharmacy Program encourages diverse-owned retail pharmacies, many of which are independently owned, to become certified with CVS Health. The certification allows them to expand and establish potential business opportunities with our company, as well as become qualified for targeted government programs. In order to encourage growth and participation, CVS Health provides guidance and assistance to potential partners about the certification process.

At the end of 2014, we had more than 130 retail pharmacy partners in the program. We spent more than \$225 million with these pharmacies in 2014.



Building Capacity of Diverse Suppliers

In 2014, CVS Health collaborated with National Grid and Roger Williams University in Rhode Island to train diverse suppliers in the skills needed to secure contracts with large businesses.

This included co-developing a customized CEO Master Series focused on critical management skills and industry knowledge. CVS Health and National Grid each sponsored three diverse businesses to participate in the program. CVS Health-sponsored participants included: Capital City Construction, a commercial general contractor; Peachtree Supplies, an office and business product dealer; and Heroica's Painting, a professional painting company.

Over two semesters, beginning in April 2014, the CEOs from those businesses focused on learning skills to maximize employee performance, develop successful business proposals, and critical areas for competitive advantage, including sustainability training, safety plans, HIPAA requirements.

The collaboration proved a successful professional training model, with graduation celebrated in November. CVS Health plans to launch the program more broadly to its diverse supplier community in 2015.

About This Report

CVS Health's 2014 Corporate Social Responsibility (CSR) Report provides an overview of our company's social and environmental commitments and progress against our CSR-related initiatives and goals.

Boundary and Scope

Consistent with previous reports, the boundaries for this report extend to all United States company-owned and/or operated facilities, administrative offices and retail pharmacies for the corporate enterprise, including: CVS/pharmacy, CVS/minuteclinic, CVS/caremark and CVS/specialty. Company operations outside the United States represent less than one percent of the total enterprise and are not covered in this report. Topics related to the company's supply chain include our Supplier Ethics Policy, supplier diversity strategy, and product quality and safety procedures, but do not extend to environmental impacts.

Data contained in this report covers activities that occurred in fiscal year 2014 (January 1–December 31), unless otherwise noted. There may also be certain events or activities referenced in this report that were initiated in 2014, but came to fruition in 2015. Our process focused exclusively on CVS Health's operations, communities and stakeholders in the United States.

During 2014, we acquired Coram, one of the nation's largest suppliers of infusion and enteral nutrition services, and Navarro Discount Pharmacy, the largest Hispanic-owned drugstore chain in the U.S. These new entities were not included in the boundaries of our most recent CSR materiality assessment, which was undertaken in 2013 and informs the issues covered in this report.

Our 2014 CSR Report is our eighth annual publication of this type; our last report was published in May 2014. We plan to continue reporting on an annual basis.

Content and CSR Materiality

In 2013, we conducted a CSR materiality assessment to identify issues most relevant to CVS Health, our industry and our stakeholders. The process involved gathering input from external and internal sources as well as reviewing prior feedback from stakeholders. We continued to focus the content for this report on the material aspects identified through that process. For additional detail

on our process, please see CSR Material Issues.

Our report was submitted and finalized by the GRI Materiality Disclosures Service, verifying that at the time of publication General Standard Disclosures G4-17 to G4-27 were correctly located in both the Content Index and the text of the final report.

Disclosure and Assurance

CVS Health management is responsible for the preparation and integrity of the information in this report. The enterprise metrics and goals in this report are established through a rigorous review process involving internal subject matter experts, and we believe this report accurately and fairly represents our CSR activities, programs and results for the fiscal year ended December 31, 2014. The report was submitted to the Nominating and Corporate Governance Committee of the Board of Directors for review, and was reviewed and approved by members of CVS Health senior management, including our internal



Disclosure Committee, which is comprised of management from each functional area within the company and serves as a separate review of our disclosure controls and procedures. This report has not been externally assured or verified by an independent third-party, except for our carbon footprint data, which is assured by an independent third party. The company may consider having additional content and data in its future CSR Reports externally assured.

This report was produced based on the Global Reporting Initiative (GRI) G4 Sustainability Report Guidelines ‘in accordance’ option core. The GRI Index can be found at the end of this report. More information on GRI is available at www.globalreporting.org.

Your Feedback

This report is an important tool for communicating our CSR performance

and progress. Your feedback is important to us as we continue to look for ways to improve our reporting and provide you with the information you need. Please submit your feedback to CSR@CVSHealth.com.

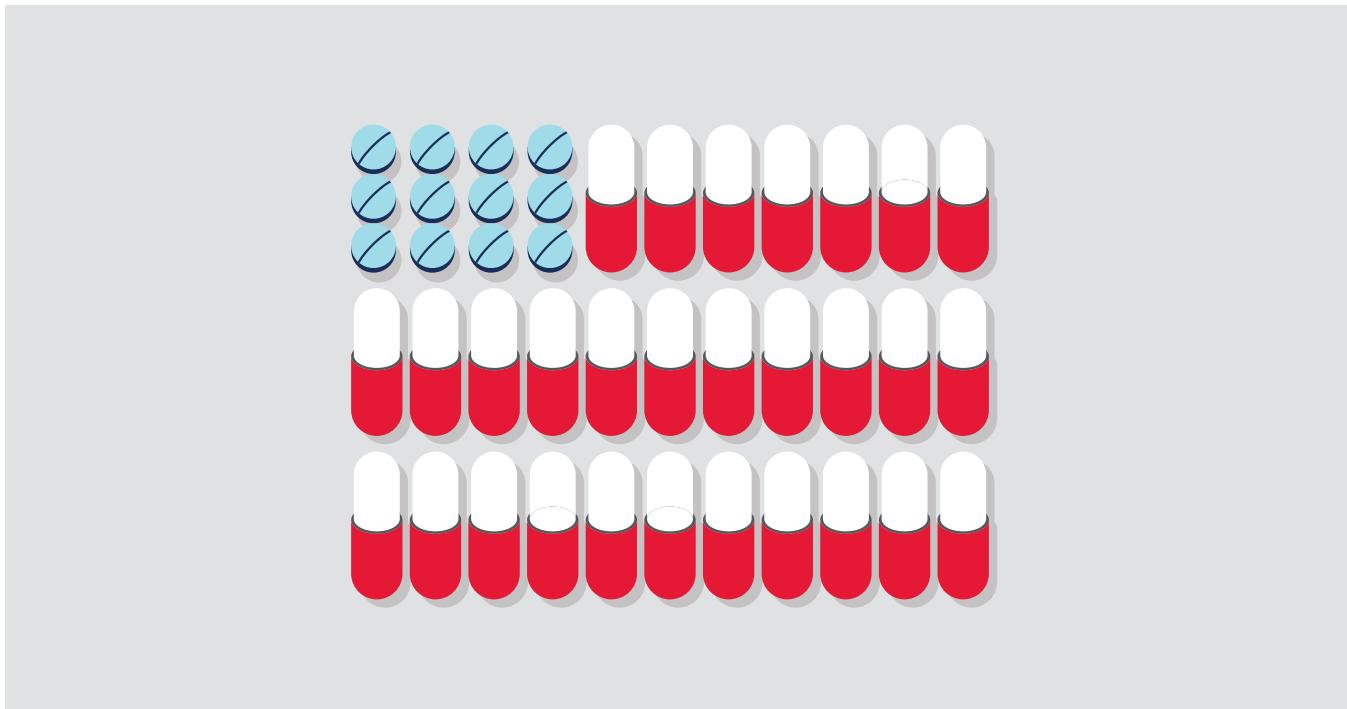
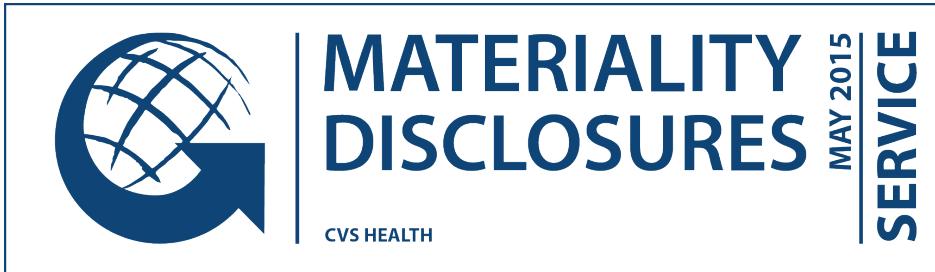
Preparation of this Report

CVS Health Corporation
1 CVS Drive, Woonsocket, RI 02895
401-765-1500, CSR@CVSHealth.com

This report contains certain forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking information for a number of reasons as described in our Securities and Exchange Commission (SEC) filings, including those set forth in the risk factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and

Quarterly Report on Form 10-Q. We refer readers of this Report to all of our SEC filings, including our Annual Report to Stockholders, our Form 10-K, Forms 10-Q and any Forms 8-K, which provide important information about our business, operations and financial performance. Before making any investment or other decision relating to the company, all such public filings should be considered in detail.

References in this document to CVS Health products, programs or service do not imply that CVS Health intends to provide all products, programs or services across all of its businesses. Statements regarding CVS Health’s future direction and intent are subject to change or withdrawal without notice and represent goals and objectives only.



Global Reporting Initiative (GRI) Index

G4	General Standard Disclosures	Response/Page/Link	External Assurance
STRATEGY AND ANALYSIS			
G4-1	CEO statement	Letter from Larry Merlo, p. 3	
ORGANIZATIONAL PROFILE			
G4-3	Name of reporting organization	CVS Health	
G4-4	Products	Company Profile, p. 7	
G4-5	HQ location	Company Profile, p. 7	
G4-6	Countries of operation	Company Profile, p. 7	
G4-7	Nature of ownership and legal form	Company Profile, p. 7	
G4-8	Markets served	Company Profile, p. 7	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
ORGANIZATIONAL PROFILE			
G4-9	Report the scale of the organization, including: Total number of employees; Total number of operations; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organization); Quantity of products or services provided	Company Profile, p. 7 Quantity of products or services provided: During 2014, CVS Health filled 756 million retail prescriptions (counting 90-day prescriptions as one prescription), or approximately 21% of the U.S. retail pharmacy market	
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers	All work is performed by the company's employees, with a large majority of them performing retail-related duties in the company's 7,800 retail pharmacies located primarily in the U.S. CVS Health Workforce Diversity, p. 81	
G4-11	Report the percentage of employees covered by collective bargaining agreements	As of December 31, 2014, approximately 5.6% were covered by collective bargaining agreements.	
G4-12	Describe the organization's supply chain	Company Profile, p. 7	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Company Profile, p. 7 During 2014, we increased the number of CVS/pharmacy locations by a net 162 and added 175 new MinuteClinic locations. We also acquired Miami-based Navarro, a 33-store retail drugstore chain, and Navarro Health Services, a specialty pharmacy serving patients with complex or chronic diseases. In addition, we added Coram LLC, one of the nation's largest providers of comprehensive infusion services.	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	CVS Health does not have a formal policy regarding the precautionary principle. All CVS brand products must comply with FDA and government requirements and adhere to the company's Cosmetic Safety Policy. The Policy outlines the company's approach should an ingredient be suspected of causing harm. The company also takes a proactive approach to risk management, including climate change, and performs regular reviews of risks in our operations and supply chain.	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
ORGANIZATIONAL PROFILE			
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	CVS Health's Supplier Ethics Policy, which all vendors around the world must adhere to as a condition of doing business with the company. The policy is aligned with the principles outlined by the International Labour Organization (ILO) and the United Nation's Universal Declaration of Human Rights	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic. This refers primarily to memberships maintained at the organizational level.	Participating in the Political Process, p. 84 2014 Trade Association and Coalition Participation report	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Please see company Form 10-K, page 27, filed 2/10/15 for the Period Ending December 31, 2014. Data in this CSR report covers our U.S. and Brazil operations; it does not cover data from our 2014 acquisitions of Navarro, a 33-store retail drugstore chain, Navarro Health Services, a specialty pharmacy nor Coram LLC infusion services, p. 7, 97	No
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Our CSR Strategy: <i>Prescription for a Better World</i> : CSR Material Issues, p. 17-18	No
G4-19	List all the material Aspects identified in the process for defining report content.	Our CSR Strategy: <i>Prescription for a Better World</i> : CSR Material Issues, p. 19-22	No
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspect is material: Report any specific limitation regarding the Aspect Boundary within the organization	All material aspects selected in this report apply to CVS Health's operations in the United States. Our CSR Strategy: <i>Prescription for a Better World</i> : CSR Material Issues, p. 19-22	No

G4	General Standard Disclosures	Response/Page/Link	External Assurance
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. Report any specific limitation regarding the Aspect Boundary outside the organization	We source from and manufacture in various parts of the world. The majority of our direct import products come from factories in China. Our retail pharmacy, PBM and MinuteClinic businesses are almost exclusively conducted in the U.S., in areas where our customers and employees live. Our CSR Strategy: <i>Prescription for a Better World</i> : CSR Material Issues, p. 19-22	No
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There are no significant restatements that have any material effect. Any minor restatements are noted in the report, p. 18	No
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	There are no significant changes from previous reporting in the Scope and Aspect Boundaries of this report, p. 97	No
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization.	Our CSR Strategy: <i>Prescription for a Better World</i> : Stakeholder Engagement, p. 23-24	No
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Our CSR Strategy: <i>Prescription for a Better World</i> : Stakeholder Engagement, p. 23	No
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Our CSR Strategy: <i>Prescription for a Better World</i> : Stakeholder Engagement, p. 23-24	No
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Our CSR Strategy: <i>Prescription for a Better World</i> : Stakeholder Engagement, p. 23	No
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	January 1-December 31, 2014.	
G4-29	Date of most recent previous report (if any).	May 2014	
G4-30	Reporting cycle (such as annual, biennial).	Annual	
G4-31	Provide the contact point for questions regarding the report or its contents.	Please submit questions or feedback regarding this report and our CSR strategy to CSR@cvshealth.com .	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
REPORT PROFILE			
G4-32	<ul style="list-style-type: none"> a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. 	<p>About This Report, Disclosure and Assurance, p. 98</p> <p>The GRI content index is included on these pages.</p>	
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<p>There are three committees of the Board: Audit, Nominating and Management Planning and Development</p> <p>Shared Responsibility via Board Committees, p. 83</p> <p>Our CSR Strategy: <i>Prescription for a Better World: CSR Governance</i>, p. 11</p>	
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<p>Company Profile, p. 7</p> <p>Remaining Compliant, p. 88</p>	

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Access and Affordability of Care	Economic Performance	EC1	Direct economic value generated and distributed	CVS Health's business model is focused on increasing access to high-quality, affordable pharmaceutical and health care products and services. Revenue from these efforts contributes economic value to our stockholders, employees and operating communities. Company Profile, p. 7		
	Indirect Economic Impact	EC8	Significant indirect economic impacts, including the extent of impacts	Project Health Expands Health Screenings to 27 Cities, p. 27		
Climate Risk	Economic Performance	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Climate Change Risks and Opportunities, p. 51		
Chronic Disease	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	The prevention and management of chronic disease is a strategic focus area for CVS Health. While we are unable to measure our efforts as a percentage, we continuously monitor and evaluate existing services and develop new services to support patients on their path to better health. Support for Patients With Chronic Diseases, p. 35		
Deforestation (Paper Use)	Supplier Environmental Assessment	EN32	Percentage of new suppliers that were screened using environmental criteria	Sustainable Forestry Certified Paper & Printing, p. 58		
	Materials	EN2	Percentage of materials used that are recycled input materials	Sustainable Forestry Certified Paper & Printing, p. 58		



Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Diversity and Inclusion	Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	The Board membership in 2015 includes eight men and three women. Workplace Diversity p. 81		
	Procurement Practices		Proportion of spending on local suppliers at significant locations of operation	Supplier Diversity Program, p. 93		

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Economic Opportunity	Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Nearly all employee hires in 2014 were in the U.S., and the gender and age breakdown were consistent with our current workforce composition. More on new hires in Creating Jobs p. 69 Retention rates, p. 71		
	Employment	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Health Plans and Wellness Programs, p. 71		
	Training and Education	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Investing in a Future Workforce, p. 69 Diversity Leadership, p. 76		
	Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Creating Jobs, p. 69	The company does not disclose this information	

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Energy Use and Greenhouse Gas Emissions	Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Measuring and Reducing Our Greenhouse Gas Emissions p. 49		CVS Health carbon footprint data has been audited by Ernst and Young
	Emissions	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Measuring and Reducing Our Greenhouse Gas Emissions, p. 49		CVS Health carbon footprint data has been audited by Ernst and Young
	Emissions	EN18	Greenhouse gas (GHG) emissions intensity	Measuring and Reducing Our Greenhouse Gas Emissions p. 49		CVS Health carbon footprint data has been audited by Ernst and Young
	Emissions	EN19	Reduction of greenhouse gas (GHG) emissions	Measuring and Reducing Our Greenhouse Gas Emissions p. 49		CVS Health carbon footprint data has been audited by Ernst and Young
	Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Transportation, p. 52		

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Human Rights	Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All of the company's direct imports and CVS Brand product factory suppliers located in high risk countries have gone through a human rights screening Ensuring Human Rights Considerations, p. 89 Global Supplier Audit Programs, p. 91		
	Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Zero-Tolerance Incidents, p. 92		
	Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	Global Supplier Audit Programs, p. 91		
	Supplier Human Rights Assessment	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Zero-Tolerance Incidents, p. 92		
Information Security and Customer Privacy	Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no significant complaints regarding privacy or data breaches in 2014. Managing Information Security and Governance, Privacy Program, p. 87		

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Labeling and Transparency	Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements	CVS Health reports on this metric in relation to prescription labeling. All prescriptions dispensed are labeled to meet both regulatory requirements and our company's internal standards. To ensure the safety of patients, we also continuously assess and explore enhanced labeling opportunities. Enhancing Prescription Accuracy, Safety and Effectiveness, p. 41		
Packaging	Materials	EN2	Percentage of materials used that are recycled input materials	We will continue to evaluate opportunities to incorporate more recycled content into the packaging materials of CVS brand products.	At this time we do not have accurate data to report on the percentage of recycled content used in our packaging.	
Patient and Customer Safety	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Support for Patients with Chronic Diseases, p. 35		
Political Disclosure	Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary	Participating in the Political Process, Political Donations, p. 84		
Prescription Drug Abuse and Disposal	Products and Services	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Pharmaceuticals are designed to be completely consumed in use. As such, instead of measuring the percentage of pharmaceuticals sold and reclaimed, we report on efforts to reclaim pharmaceuticals through our safe prescription drug disposal initiatives. Supporting Drug Take Back Programs, p. 44		

Material Issue	Material Aspect	Indicator	Indicator	Response/Page/Link for DMA and Indicators	Omissions	External Assurance
Product Ingredients	Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	When we look at CVS Brand products, the ingredients and packaging are the areas that might have environmental implications. In both cases, we describe our approach in the Planet in Balance section Choosing the Right Ingredients, p. 59 Partnering for Sustainable Packaging Opportunities, p. 60		
Tobacco Cessation	Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts	Help People Lead Tobacco-Free Lives, p. 45		
	Marketing and communications	PR6	Sale of banned or disputed products	Help People Lead Tobacco-Free Lives, p. 45		
Waste	Effluents and Waste	EN23	Total weight of waste by type and disposal method	Waste and Recycling, p. 55 Hazardous waste and disposal methods are reported at the end of this Index	CVS Health identified waste as a material issue, given the size and scale of our business. However, at this time we do not have accurate data that measures total solid waste by type and disposal across our entire company. This is something we continue to work on.	
Water	Water	EN8	Total water withdrawal by source	Water, p. 54		

HAZARDOUS WASTE DISPOSAL METHODS FOR 2014

Disposal Methods	Waste in Tons	Percentage of Total
Waste to Energy	1,842	60.75
Recycle/Metals Recovery	487	16.09
Fuels Blending	378	12.47
Incineration	218	7.18
Neutralization/Waste Water Treatment	63	2.08
Stabilization/Landfill	44	1.43
Total Waste Shipped	3,032	

REFERENCES: Specialty spending is expected to quadruple by 2020, reaching more than \$400 billion per year. Insights 2013: Specialty Drug Management Where to Go Next, at www.cvshealth.com/research-insights/cvs-health-research-institute#specialty-medication. The rising costs are compounded by the significant number of patients who do not take their medications as prescribed and the nearly \$300 billion each year in unnecessary and avoidable costs associated with medication non-adherence. Thinking Outside the Pillbox: A System-wide Approach to Improving Patient Medication Adherence for Chronic Disease, New England Healthcare Institute, 2009 at www.nehi.net/publications/17-thinking-outside-the-pillbox-a-system-wide-approach-to-improving-patient-medication-adherence-for-chronic-disease/view. Some 16 million people in the U.S. already have at least one disease from smoking, and each year approximately 480,000 die from smoking or exposure to secondhand smoke. The annual cost of smoking in the U.S. tops \$300 billion. The Health Consequences of Smoking — 50 Years of Progress: A Report of the Surgeon General, 2014. www.surgeongeneral.gov/library/reports/50-years-of-progress/fact-sheet.html. According to the Fifth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC), keeping global temperatures in check requires "an urgent and fundamental departure from business as usual." IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp. Full-time colleagues earn a full benefits package, which includes comprehensive medical and prescription coverage with a company contribution to a Health Savings Account (HSA); vision and dental coverage with contributions payable on a pretax basis; a 401(k); an employee stock purchase plan; fertility and adoption benefits; life, accident and disability insurance; flexible spending accounts; paid time off; tuition reimbursement; and an employee discount at our stores, as well as access to many other employee discounts. Must work an average of 30 hours per week, except in California (23 hours per week) and Hawaii (20 hours per week).

Health is everything.