2018 Corporate Social Responsibility Report

CVS Health®

Better Health, Better Community, Better World.

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"By bringing together CVS Health and Aetna, we are creating a uniquely powerful new platform that will open a new front door to health care, reshape the consumer experience and lead to healthier communities."

Dear Stakeholders,
Today's health care system is complex and can be very challenging to navigate for many of us. High costs, a fragmented system and a lack of support to help patients manage their own care are creating barriers to the overall health of our country. We have long been focused on improving not only the health of our patients and colleagues, but the health of all of the communities we serve.

As we look back on 2018 and plan for 2019 and beyond, we are excited about this time in our company's history – as we combine with Aetna®, we know we have an opportunity to help fundamentally transform the way the health care system works.

By bringing together CVS Health® and Aetna, we are creating a uniquely powerful new platform that will open a new front door to health care, reshape the consumer experience and lead to healthier communities.

We will engage consumers with the care they need, when and where they need it – giving them human connections with pharmacists, nurse practitioners and other skilled providers, along with digital options for those who prefer to access care in the palm of their hand. To deliver on this vision, we are building a consumer-centric approach to health care that offers a better experience, which in turn will drive better patient engagement with programs and services, improving their health and delivering better outcomes that reduce costs.

As a socially responsible company, we believe that we have a role to play in helping to solve important societal problems in meaningful ways. Our corporate social responsibility (CSR) strategy ensures we put our businesses and resources to work in tangible ways that make a difference in our local communities and people's lives. In our 12th annual CSR Report, we're excited to share our refreshed platform – *Better Health, Better Community, Better World* – and update you on the pillars that guide our efforts: *Building Healthier Communities*; *Leading and Inspiring Growth*; and *Protecting our Planet*.

In the pages that follow, you'll read more about 2018 as a milestone year for CVS Health. At MinuteClinic®, we provided 5.2 million patients with quality, affordable care. We created employment opportunities for 6,000 military members and their spouses. We worked across our entire company and with community partners to implement solutions that help tackle the opioid crisis and we helped 82 college campuses go tobacco-free in pursuit of delivering the first tobacco-free generation. We continue to put new products on our shelves that provide healthier, more sustainable options for our on-the-go customers, and ensure we are efficiently and responsibly managing our supply chain.

One-third of Americans interact with our company every year – including 4.5 million people who visit our retail stores daily in nearly 10,000 communities across the country and more than 38 million medical members who rely on us to help them make decisions about their health. As we deliver on our purpose of helping people on their path to better health, we have high expectations for 2019 and beyond. There is no more pressing issue than fixing what is broken with the U.S. health care system and CVS Health is positioned to lead the change. We welcome the opportunity to work with our partners, shareholders, and other stakeholders. Together, we will deliver better health, all toward better communities and a better world.

Sincerely,

Larry J. Merlo
President and Chief Executive Officer

"We believe our greatest CSR opportunities ahead will be a result of our ability to meaningfully impact the health of whole communities, bringing together the power of our business and strategic community investment."

Dear Stakeholders,
Thank you for being on this exciting CSR journey with us. I am particularly proud to present this year's CSR Report to you because 2018 marks the biggest corporate social responsibility move we have ever made as a company: welcoming Aetna to our enterprise.

Like our decision to stop selling tobacco products, this business decision has far-reaching benefits and will positively impact the lives of tens of millions of people across the U.S. It exponentially expands our ability to effect positive change in local communities and across the health care system – more so than any other business combination in the sector. We are truly reinventing health care delivery and, with each step of the way, staying true to our purpose of helping people on their path to better health.

Our CSR journey is more than a decade in the making. Since publishing our first CSR Report in 2008, we've built our reputation as a leader in corporate social responsibility through business decisions that deliver on our purpose. We are tackling our nation's most pressing public health challenges and investing in increased access to health care at the local level. We are taking an increasingly sophisticated approach to reducing our environmental impact and creating economic opportunity for hundreds of thousands of people, and we have always been focused on building healthier communities while driving healthy growth for our company.

During this exciting time of transformation, in 2018 we took the opportunity to reframe our CSR strategy to more accurately reflect our new enterprise. Our refreshed CSR framework, *Better Health, Better Community, Better World*, charts our course for the future and focuses in three priority areas: *Building Healthier Communities*; *Leading and Inspiring Growth*; and *Protecting Our Planet*.

We believe our greatest CSR opportunities ahead will be a result of our ability to meaningfully impact the health of whole communities, bringing together the power of our business and strategic community investment. And, it is clear to us that it will take more than incremental steps to support all Americans on their path to better health. Along with the CVS Health and Aetna Foundations, we have launched *Building Healthier Communities*, a five-year, $100 million commitment to improve community health in one-third of U.S. counties through partnerships and community support. This means more free health screenings and more funding to tackle public health challenges, including tobacco use and opioid abuse. We will aim to support more patients with chronic disease, improve overall health outcomes and relieve the strain on our health care system.

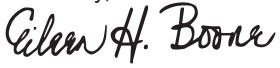
Through these Foundation investments, we are filling gaps within our commercial footprint to support underserved populations and aligning our resources with communities' most pressing health issues. Our colleagues' energy and enthusiasm will deliver more volunteer hours to our community initiatives. And to our nonprofit partners, we will bring support, expertise, and replicable approaches that improve health care at the community level.

Better Health, Better Community, Better World also means supporting the economic health and mobility of our communities and colleagues. Through innovative workforce development programs and a steadfast commitment to helping our colleagues grow their careers with CVS Health, we are ensuring that we have the most highly-skilled, compassionate health care professionals in the industry.

In addition to the health and financial wellness of our colleagues, we are equally committed to the health of our planet. By continuing to reduce our resource use and embedding sustainability into our products and supply chain, we are helping to build healthier communities for the long-term. We are particularly proud to have established a science-based emissions reduction target in 2018, embracing climate science to guide our sustainability initiatives in the years to come.

Thank you for taking the time to learn more about our many accomplishments in 2018 – and some of the exciting changes to come – as we continue our journey as a health care innovation company shaping the future of health care. We look forward to your feedback.

Sincerely,



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

Corporate Profile

CVS Health is the nation's premier health innovation company helping people on their path to better health.

Whether in one of our pharmacies or through our health services and plans, CVS Health is pioneering a bold new approach to total health by making quality care more affordable, accessible, simple and seamless. CVS Health is community-based and locally focused, engaging consumers with the care they need when and where they need it. We have more than 9,900 retail locations, approximately 1,100 walk-in medical clinics, a leading pharmacy benefits manager with approximately 92 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, expanding specialty pharmacy services, and a leading stand-alone Medicare Part D prescription drug plan. CVS Health also serves an estimated 38 million people through traditional, voluntary and consumer-directed health insurance products and related services, including rapidly expanding Medicare Advantage offerings. This innovative health care model is believed to increase access to quality care, delivers better health outcomes and lowers overall health care costs.

Our Operations & Supply Chain

Headquarters:
Woonsocket, RI

More than 245,000 colleagues in 50 states, the District of Columbia, Puerto Rico and Brazil

Our Operations & Supply Chain

9.9K+
retail locations including 118 new and acquired retail stores net of closures

1.1K+
walk-in medical clinic (MinuteClinic) locations in 33 states and the District of Columbia

37
specialty on-site pharmacy stores

26
retail specialty pharmacy stores

17
specialty mail order pharmacies

86
branches for infusion and enteral services

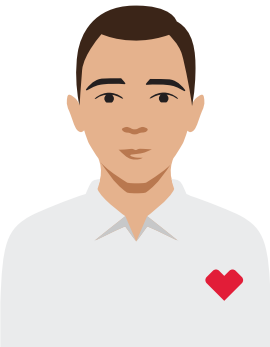
154
long term care pharmacies

Front-of-Store Revenues

23%
sales from store and proprietary brands

77%
sales from national brand suppliers

2018 Financial Results & Economic Impact



Our employees earned

$10.9B
in wages

$1.9B
in benefits

$194.6B
in total revenues

$4.8B
to providers of capital

$3.7B
in income, property and employer taxes in the U.S.

$100M+
in charitable contributions, employee giving, in-store fundraising and in-kind donations

We are health care innovators

Our Purpose
Helping people on their path to better health

Our Strategy
Creating unmatched human connections to transform the health care experience

Our Values
Innovation
Collaboration
Caring
Integrity
Accountability

Our strategic imperatives

Be local
Engage people with the care they need where they need it

Lead the change
Challenge the status quo with new technologies, business models and partnerships

Make it simple
Make a complicated system easier for all

Attract and inspire
Unlock the power of our people to transform health care

Improve health
Help people achieve better health at a lower cost

Optimize performance and service
Ensure our people, processes and technology enable our strategy

CSR Strategy

Better Health, Better Community, Better World
At CVS Health, we share a single, clear purpose: helping people on their path to better health. As we integrate Aetna into our enterprise, our innovative new business model will allow us to bring real, meaningful change to the marketplace. This transformation is guided by six strategic imperatives that will help people get well and stay well, in body, mind and spirit.

Our CSR strategy is central to the way we advance our purpose and support our strategic imperatives. In 2018, we took the opportunity to reframe our CSR strategy to be more inclusive of our broader enterprise and maximize our impact. Our refreshed CSR framework, *Better Health*, *Better Community*, *Better World*, conveys our mission to leverage our scale, expertise and innovative spirit in ways that positively impact all of our stakeholders. It charts our course for the future and focuses in the three key areas:

Building Healthier Communities

Make community health and wellness central to our charge for a better world.

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

Protecting Our Planet

Ensure environmental sustainability is embedded in our approach to business operations and product development.

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

Leading and Inspiring Growth

Leverage the assets, scale and expertise of our business to create economic opportunities and value for employees, customers, suppliers and investors.

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

To ensure accountability for delivering on our strategy, we track our progress against 23 measurable, multi-year performance targets. We continue to work with internal and external stakeholders to deliver on these commitments, identify new opportunities to strengthen our performance and increase transparency.

Contributing to the United Nations Sustainable Development Goals

Our CSR strategy also continues to support the United Nations' Sustainable Development Goals (SDGs), 17 aspirational global goals that aim to make dramatic progress on development issues by 2030. We believe we can most meaningfully contribute to five of the SDGs that most closely align with our business impact and CSR initiatives.

Goal 3: Good Health and Well-Being

Through our innovative health care model, we continue to make substantial strides in providing more accessible and affordable health care to more Americans. Our Project Health campaign connects multicultural communities with large numbers of uninsured or underinsured residents to no-cost comprehensive health assessments that detect early risks for chronic conditions. In 2018, Project Health delivered more than $5.3 million in free health care services to more than 77,000 Americans. These screenings are often how an estimated one-third of attendees first become aware of a health concern or condition. Read more on page 38.

Goal 4: Quality Education

Our workforce initiatives expose young people across the country to meaningful careers in health care and present new educational opportunities to those who may not otherwise have access. In 2018, we extended our STEM-enriched, nationally recognized program, myCVS Journey Pathways to Health Care Careers, through a new collaboration with Job Corps, giving us the potential to expose 60,000 youth to careers at CVS Health. Our colleague development initiatives provided new opportunities from retail to mid-level leadership, including our LearnRx Pharmacy Technician Program, which was completed by nearly 18,000 pharmacy technicians in 2018. On track to hire 5,000 more Registered Apprentices by 2022, at the end of 2018 we had hired more than 3,200. We also invested nearly $1.4 million in scholarships to advance the aspirations of students, including those studying to be pharmacists and nurse practitioners. Read more on page 44.

Goal 8: Decent Work and Economic Growth

As one of the nation's largest companies, our business decisions have far-reaching impacts on the economic mobility of thousands of local communities. In 2018, we hired nearly 85,000 new colleagues and paid $10.9 billion in wages. Our diverse supplier program, focused on creating economic impact for women- and diverse-owned businesses, drove a total economic impact of $5.8 billion and supported more than 38,000 jobs across the country. Read more on page 59.

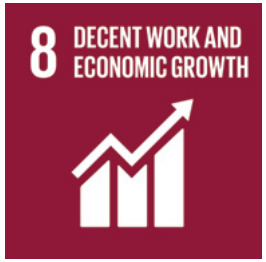
Goal 13: Climate Action

Climate change is affecting global health, and we believe we can play a meaningful role in helping to reverse its devastating effects. In 2018, the Science Based Targets Initiative (SBTi) approved our greenhouse gas (GHG) reduction targets to reduce our absolute scope 1 and 2 GHG emissions by 36 percent by 2030 from a 2010 base year, and to commit that 70 percent of our suppliers by emissions will set science-based emissions reduction targets on their scope 1 and 2 emissions by 2023. Read more on page 67.

Goal 15: Life on Land

Sustainable use of resources remains a central part of our work to protect the planet. In 2018, 96 percent of the paper we procured across the enterprise was sustainably sourced, and 84 percent of our store brand suppliers had either become members of the Roundtable on Sustainable Palm Oil or obtained Rainforest Alliance certification. Read more on page 72.

In addition to supporting these five SDGs, in all of our work we aim to strengthen partnerships that help extend our environmental support programs. In 2018, we became the first U.S. pharmacy chain to join the United Nations Global Compact, confirming our commitment to implementing the Compact's ten principles with respect to human rights, labor, the environment and anti-corruption; engaging in partnerships to advance the broader goals of the United Nations; and taking action in support of the SDGs. Our annual Communication on Progress can be found in the Appendix.



CSR Governance

Governance of our CSR framework is led by our Board of Directors and President and Chief Executive Officer. The Nominating and Corporate Governance Committee of the Board of Directors is formally charged with oversight of CSR strategy and performance, and reviews our annual priorities and CSR Report along with our President and Chief Executive Officer.

Our Senior Vice President of CSR and Philanthropy shares relevant CSR-related impacts, risks and opportunities with the Nominating and Corporate Governance Committee semi-annually. In 2018, the Nominating and Corporate Governance Committee was engaged on topics including climate change, science-based targets, renewable energy, the opioid crisis, tobacco use among youth, and veteran health. At these presentations, requests were made for approval to act on a selected issue or for funding to support a new initiative.

Our Senior Vice President of CSR and Philanthropy also ensures we are progressing against our strategy and performance targets. She and her team regularly work with company leadership to align our strategy with business imperatives and collaborate with colleagues throughout the company on key initiatives. She also serves as the Executive Sponsor of our GreenTeam Colleague Resource Group.

Colleagues with direct oversight of areas within our three CSR pillars are responsible for driving performance and meeting established targets as part of their business plan. These internal partners are regularly engaged by the CSR team to provide progress updates and identify emerging risks and opportunities. Remuneration of leaders, colleagues, as well as business unit and facility managers is partially linked to performance against these business plans.

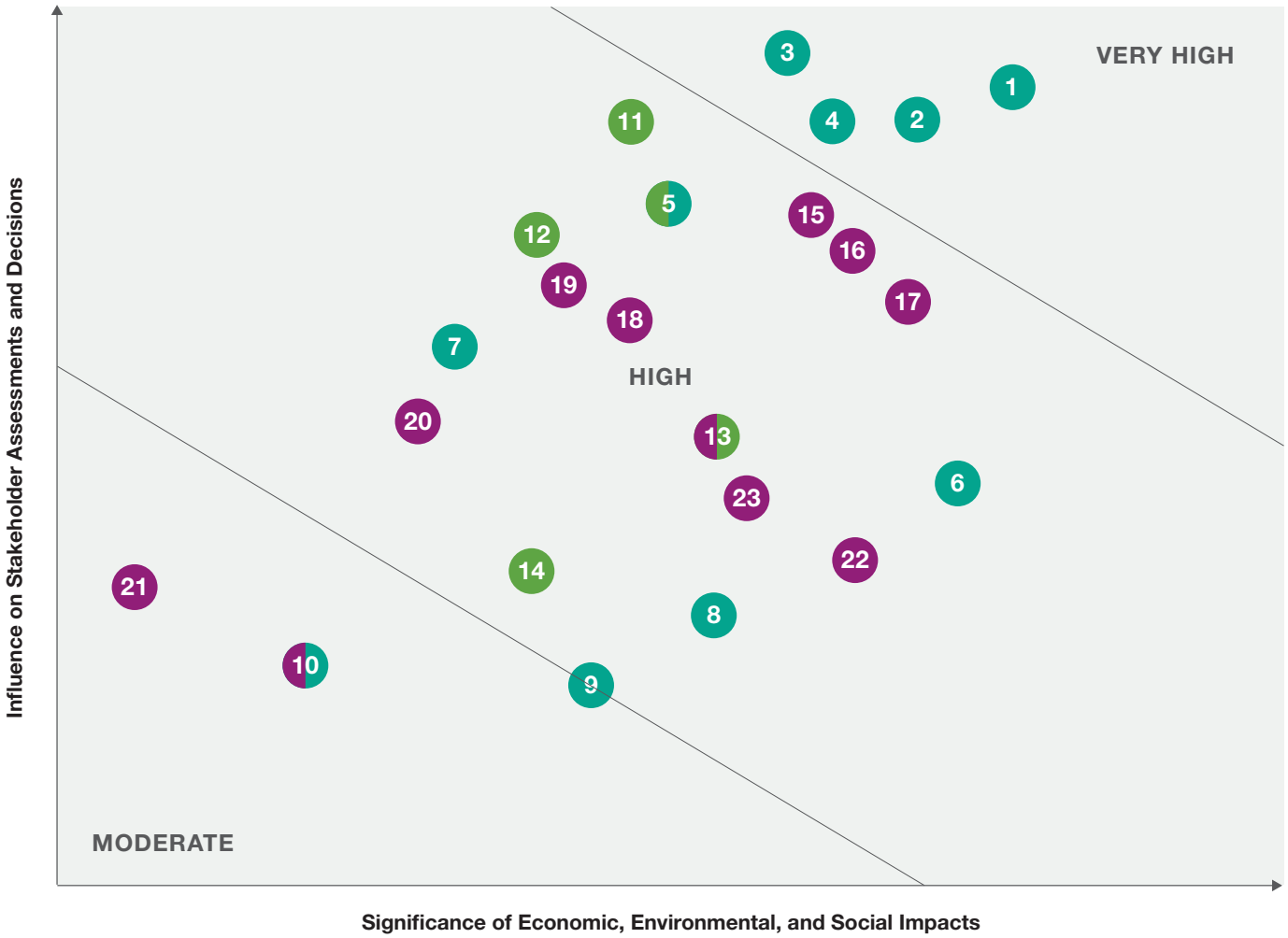
We have also established several policies that govern our approach to issues of importance to our business and our stakeholders, including our Climate Change Policy, Human Rights Policy and Privacy Commitments, all located in our online Resource Library.

CSR Material Topics

Our CSR material topics inform the content of this report. These 23 topics below represent our most significant economic, environmental and social impacts, as well as those topics that substantively influence the assessments and decisions of our stakeholders. We conducted a comprehensive materiality assessment in 2017 in accordance with the Global Reporting Initiative (GRI) Standards' guidance for defining material topics.

We find these issues remain relevant for the 2018 reporting year and will conduct another materiality assessment in 2019 to reflect our evolving business strategy and stakeholder expectations.

- **Building Healthier Communities**
- **Leading and Inspiring Growth**
- **Protecting Our Planet**



1. Access to quality health care
2. Pricing of drugs and services
3. Patient and customer safety
4. Prescription drug abuse
5. Product quality and ingredients
6. Chronic disease prevention and management
7. Tobacco use
8. Community investments
9. Medication adherence
10. Public policy
11. Climate risks
12. Sustainable operations
13. Supply chain responsibility
14. Packaging
15. Ethics and compliance
16. Governance
17. Diversity and inclusion
18. Human rights
19. Data protection and privacy
20. Workforce development
21. Risk management
22. Wages and benefits
23. Employee health and safety

Stakeholder Engagement

We are committed to maintaining regular, open communication with a broad range of stakeholders who help us fulfill our purpose of helping people on their path to better health. We're proud of the work we've done to establish a two-way dialogue with advocates, policymakers, investors, customers and patients. It's their insights and feedback that help us implement and advance our CSR strategy. On pages 13–16 of this report, we have detailed how we engage with stakeholder groups and highlighted some of the notable outcomes that resulted from engagements in 2018. For more information about recent collaborations and partnerships, visit the "Stakeholder Engagement" section of our website.

Stakeholder Group	How We Engaged Them	Top Issues Raised	Outcomes in 2018
Patients and consumers	• In-person interactions • Focus groups • Customer relations hotline • Surveys • Social media • Websites • Mail/email	• Access to quality health care • Pricing of drugs and services • Patient and customer safety • Chronic disease prevention and management • Medication adherence • Data protection and privacy • Tobacco use • Patient and customer safety • Packaging • Data protection and privacy • Community investments	• With an average of 4.5 million people who visit our retail stores daily in nearly 10,000 communities across the country and more than 38 million medical members, we engage with our patients and customers millions of times a day as we help them on their path to better health. • Through Pharmacy Advisor®, we've delivered more than 32 million personal counseling interventions, which have improved patient medication adherence by 10 percent for hypertension medication, 9 percent for anti-diabetics and 12 percent for cholesterol therapy. • We continued to respond to our consumers' preference for healthier, more sustainable products, expanding healthier options through our Gold Emblem Abound® line to more than 160 items; increasing the number of dye-free products we offer; and removing chemicals oxybenzone and octinoxate from our store brand sun-care products.
Colleagues	• Meetings and interviews with subject matter experts • Engagement surveys • Training and professional development opportunities • myLife/Intranet • Colleague Resource Groups (CRGs)	• Diversity and inclusion • Workforce development • Wages and benefits • Employee health and safety • Community investments	• Our FAITH CRG and Merchandising Team came together to gain a better understanding of religious differences and how they impact employee and customer relationships during the holiday season, both in stores and offices. Topics included holiday greetings, adjusting product offerings to be reflective of community cultural preferences and celebrations, dietary restrictions, holiday scheduling and respectful communication. • Our Diversity Management Leadership Council (DMLC), a group of cross-functional senior leaders with oversight from our Board of Directors, provides guidance on the tools and resources we use to equip colleagues to promote diversity across the company.

Stakeholder Engagement

Stakeholder Group	How We Engaged Them	Top Issues Raised	Outcomes in 2018
Investors and stockholders	• Annual Stockholders Meeting • Quarterly earnings calls • Phone briefings • Email correspondence • Response to ratings and rankings • Conferences	• Climate risks • Prescription drug abuse • Product quality and safety • Access to quality health care • Pricing of drugs and services • Diversity and inclusion • Human rights • Risk management	• We conducted 15 shareholder engagement meetings during the fall off-season, and engaged with shareholders that proposed resolutions for inclusion in our proxy statement. • Throughout the year, we responded to investor inquiries on a broad range of CSR topics, most often through phone briefings and email correspondence. We also responded to investor ratings and rankings including the Dow Jones Sustainability Index and MSCI to provide investors with a deeper understanding of our Environmental, Social and Governance (ESG) impacts and commitments.
Government and regulators	• Briefings and meetings • Phone briefings • Email correspondence • White papers and other briefing materials • Trade organizations • Participation in coalitions • Roundtable discussions • Public events • Sponsorships of events • Speaking engagements • Conferences • Media engagements	• Pricing of drugs and services • Ethics and compliance • Prescription drug abuse • Public policy • Access to quality health care • Workforce development • Supply chain responsibility	• A major focus of our public policy work focused on engaging policymakers around the important role of the Pharmacy Benefit Manager (PBM) in controlling drug costs. Learn more in the Helping Reshape Public Policy section of this report on page 58. • We collaborated with the Environmental Protection Agency (EPA) on regulatory requirements for the disposal of pharmaceutical waste. The EPA Acting Administrator issued the final rule in December.

Stakeholder Engagement

Stakeholder Group	How We Engaged Them	Top Issues Raised	Outcomes in 2018
Nonprofit organizations and NGOs	• Conferences • Roundtables • Strategic partnerships • Participation on boards and advisory councils • Attending annual meetings • Virtual and in-person engagement meetings • Webinars	• Access to quality health care • Chronic disease prevention and management • Climate risks • Supply chain responsibility • Packaging • Pricing of drugs and services • Prescription drug abuse • Product quality and ingredients	• We continued to reduce chemicals of consumer concern through ongoing collaboration with The Safer Chemicals, Healthy Families coalition and its Mind the Store campaign and were given a B+ in their annual report card. • While preparing our science-based emissions reduction target for approval by the Science Based Targets initiative (SBTi), we sought counsel from many stakeholders, including CDP, our suppliers and agency partners.
Industry groups and forums	• Conferences • In-person meetings	• Diversity and inclusion • Climate risk • Product quality and ingredients • Patient and customer safety • Access to quality health care • Pricing of drugs and services • Packaging	• We hosted more than 300 participants at the 2018 Billion Dollar Roundtable Summit and induction ceremony, convening leaders from 29 Billion Dollar Roundtable companies, academics, government officials and diverse suppliers to share best practices, opportunities and strategies to continue to grow supplier diversity programs. • We also shared key learnings and best practices that we gleaned from setting our science-based target with the Retail Industry Leaders Association (RILA), We Mean Business and CDP in a joint webinar.
Suppliers	• Direct engagement • Trainings • Business building events • Supplier compliance program	• Diversity and inclusion • Supply chain responsibility • Human rights • Product quality and ingredients	• We hosted the Supplier Diversity 2020 Ideation Session to identify new ways to achieve our 2020 spending targets by convening CVS Health business leaders, strategic partners, existing and potential diverse suppliers and representatives from national minority councils.

Stakeholder Engagement

Stakeholder Group	How We Engaged Them	Top Issues Raised	Outcomes in 2018
Local communities	• Community engagement programs • Volunteering • Board memberships • Event participation	• Access to quality health care • Community investments • Prescription drug abuse prevention • Workforce development	• Our Project Health campaign reached 77,000 participants through 55 events in 11 communities across the country. We provided 176,000 biometric screenings, 4,300 smoking cessation counseling sessions and $5.3 million worth of free medical services. • We continued to support communities in their effort to ensure safe disposal of prescription medication. The more than 1,650 safe medication disposal units we have installed or donated nationwide have collected more than 480,000 pounds, or 217 metric tons, of unwanted medication. We plan to expand in-store units and have accessible units in every city where we operate, including incorporating disposal units into new store plans.
Clients	• In-person meetings • Phone • Email correspondence • Surveys • Disclosure requests	• Access to quality health care • Pricing of drugs and services • Prescription drug abuse • Medication adherence • Chronic disease prevention and management • Tobacco use	• We measure the satisfaction of our PBM clients twice a year through a web-based survey, and use their feedback to improve our services and client relationships. Our approach to quality improvement has resulted in year-over-year improvement in PBM client and member satisfaction: In 2018, 97 percent of clients were satisfied. In 2018, 96 percent of members were satisfied. • Omnicare Long Term Care Pharmacy measures the satisfaction of our Post-Acute and Senior Living facility customers through a web-based survey on a quarterly basis and uses their feedback to improve our products and services. Our Service1st-related initiatives have resulted in year-over-year improvement in customer satisfaction: In 2018, 84 percent of facility customers were satisfied or better. In 2018, 92 percent of Senior Living Residents and Responsible Parties were satisfied or better.
Media	• Direct outreach • Website • Responses to inquiries	• Access to quality health care • Pricing of drugs and services • Prescription drug abuse • Public policy • Data protection and privacy	• As part of our partnership with the American Heart Association's Go Red for Women campaign, we deployed an integrated communications strategy to promote no-cost heart health screenings at MinuteClinic and the in-store customer fundraiser. This included using MinuteClinic nurse practitioners to act as local market spokespeople, leveraging the personal heart health story of U.S. Olympic swimmer Dana Vollmer to secure national media interest, integrating with our Government Affairs partners to invite elected officials to visit the no-cost screenings and spread the word to their local constituents, and amplifying our commitment with paid social media content.

Building Healthier Communities Performance Targets

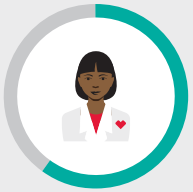
Over the past several years we have established 23 measurable, time-bound performance targets to track progress against our goals and strategic priorities. Below is a snapshot of our progress. You can read more about our work to achieve each target throughout this report.

Target: Establish MinuteClinic partnerships with five VA Health Care Systems by 2022

2018 Progress: In 2018, we built upon our footprint, launching pilots in California and Texas

Target: Increase enrolled colleagues investing in a health savings account (HSA) and average HSA account balance by 5% by 2022

2018 Progress: On track to meet our goal by 2022

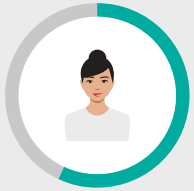


Target: Increase pharmacist outreach to educate youth and families by reaching 750,000 individuals by 2020

2018 Progress: "One Choice Changes Everything" curriculum delivered to nearly 450,000 teens and parents

Target: Achieve a 10% decline in new youth smokers by 2020, compared to 2015 baseline

2018 Progress: 20% decrease in new youth smokers since 2015



Target: Achieve a 3% decline in the national youth smoking rate by 2020, compared to 2015 baseline

2018 Progress: 1.7% decline in the national youth smoking rate since 2015

Target: Reach 5 million youth with tobacco-free messaging by 2020, compared to 2015 baseline

2018 Progress: We have reached more than 9 million youth with smoking prevention messaging

Target: Double the number of tobacco-free educational institutions by 2020, compared to 2015 baseline

2018 Progress: In 2018, 15% of schools had gone tobacco-free

Leading and Inspiring Growth Performance Targets

Over the past several years we have established 23 measurable, time-bound performance targets to track progress against our goals and strategic priorities. Below is a snapshot of our progress. You can read more about our work to achieve each target throughout this report.

Target: Increase participation in Colleague Resource Groups (CRG) to 10% of our workforce by 2025

2018 Progress: In 2018, 4% of our workforce participated in a CRG, up from 3.43% in 2017

Target: Increase the number of hours our colleagues volunteer by 10% year-over-year

2018 Progress: The value of volunteerism increased by 43%

Target: Provide in-person, classroom training sessions for 100% of mid-level leaders by 2019

2018 Progress: 44% of current mid-level leaders have benefited from our leadership program

Target: Colleagues will collectively complete at least 2 million hours of compliance training every year

2018 Progress: In 2018, colleagues completed 2.06 million hours of compliance training

Target: Increase the average participation rate across all 401(k) plans for eligible colleagues by 2020

2018 Progress: In 2018, 45.4% of our colleagues contributed to their 401(k) plans

Target: Hire another 5,000 registered apprentices by 2022

2018 Progress: At the end of 2018, we had hired more than 3,200 colleagues through this program

Target: Increase our annual spending with Tier I diverse- and women-owned suppliers to $1.5 billion

2018 Progress: By the end of 2018, we had exceeded our 2020 Tier I spending target

Target: Increase our annual spending with Tier II diverse- and women-owned suppliers to $1 billion

2018 Progress: In 2018, we increased our spend with diverse Tier II suppliers to $746 million

Target: Achieve review and acknowledgement of our Human Rights Policy from 100% of colleagues by 2019

2018 Progress: By the end of 2018, 99% of colleagues had reviewed and acknowledged the policy

Protecting Our Planet Performance Targets

Over the past several years we have established 23 measurable, time-bound performance targets to track progress against our goals and strategic priorities. Below is a snapshot of our progress. You can read more about our work to achieve each target throughout this report.

Target: NEW: By 2030, reduce our absolute scope 1 and 2 GHG emissions by 36% from a 2010 base year

2018 Progress: This is a new target in 2018

Target: NEW: By 2023, we will ensure that 70% of our suppliers by emissions establish their own science-based reduction targets for their scope 1 and 2 emissions

2018 Progress: This is a new target in 2018

Target: Reduce water use in retail operations for new construction by 20% in 2020

2018 Progress: Achieved 20% reduction in our standard prototype stores

Target: Ensure 100% of paper procured is sustainably sourced by 2020

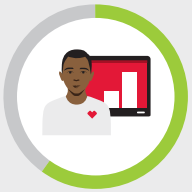
2018 Progress: In 2018, 96% of the paper our company used was sustainably sourced

Target: NEW: By 2023, our fleet will reduce empty miles by 2.5 million, compared to a 2018 baseline

2018 Progress: This is a new target in 2018

Target: Source all palm oil in our store brand products from verified, responsible sources by 2020

2018 Progress: 97% of our store brand suppliers had either become members of RSPO or obtained Rainforest Alliance certification



Target: Our colleagues will log 10,000 “green actions” on our online colleague engagement portal by 2020

2018 Progress: Colleagues have logged more than 6,000 green actions

Building Healthier Communities

Building Healthier Communities

At CVS Health, our purpose is helping people on their path to better health – and we've never been better positioned to do so. As we combine with Aetna, we are creating a new, innovative health care model. We are transforming the health care experience and investing in community health at the local level.

With a presence in thousands of communities across the country, and 4.5 million customers in our stores each day, we recognize how difficult it can be for people to address their health challenges. As a health care innovation company, we are committed to delivering patient-centric and locally-focused care that is affordable, accessible, simplified and seamless.

We're creating bold solutions that combine new technologies, business models and partnerships, all to better interact with patients and give providers a more complete picture of their health. Through our scale, capabilities and resources – and building on our legacy of community investment – we are making community health and wellness central to our charge for a better world.

Our Top Accomplishments in 2018

Brought the Pharmacists Teach Prescription for Parents program to 26 new states, delivering 134 presentations

Delivered $5.3M in free health care services through Project Health

Introduced MinuteClinic Virtual Care to provide patients with quality, convenient care via mobile app or desktop computer

Transforming the Health Care Experience

As the front door to health care, we work every day to simplify a complex system and help people get better, more affordable care, right in their own neighborhoods. In our 9,900 retail locations, 1,100 walk-in clinics, and through health services and plans, we are increasing access to lower-cost, quality care; introducing programs and services that support chronic disease management; and championing healthier lifestyle decisions. And we are helping patients and consumers identify the best ways to improve their health – when and where they need it.

We believe that highly personalized experiences are most effective in preventing and managing costly and complex health challenges. This means making the health care system more connected and manageable and expanding access to skilled providers.

Increasing Accessibility and Affordability through MinuteClinic

As the largest provider of walk-in clinics in the country, we are continuously innovating to improve the patient experience and expand MinuteClinic services. Today, more than 50 percent of the U.S. population lives within ten miles of a MinuteClinic. Offering evening and weekend hours, and with most services costing less than $100 – as much as 90 percent less than urgent-care centers and hospital emergency departments – millions of patients depend on us for accessible and affordable care.

Expanding Our Reach Through Virtual Care

In 2018, we took an important step forward to reach more people with the expert care provided by MinuteClinic. In partnership with telehealth leader Teladoc, we introduced our MinuteClinic Virtual Care platform to provide patients with quality, convenient care at reasonable costs via a mobile app or desktop computer. The service connects patients, ages 2 years and up, to certified health care providers through video-enabled consults, instead of just telephonic, to address minor illnesses, injuries and skin conditions. We will continue to add services that are appropriate for the virtual setting. Consults are $59, less than the average in-person doctor visit, and available 24 hours a day, seven days a week.

The MinuteClinic Virtual Care program provides the same quality of care administered at MinuteClinic and extends our reach with health care professionals who are following evidence-based guidelines. CVS Health also has a comprehensive quality program, including chart reviews to ensure quality of services. Based on the initial consult, a Video Visit may lead to a subsequent in-person appointment to address concerns only properly assessed face-to-face. Unlike most telehealth providers, MinuteClinic can connect patients to a store location, seamlessly extending services within the same system.

By the end of 2018, the MinuteClinic Virtual Care program was available in 18 states and the District of Columbia. We plan to implement the program in every state where telehealth is permitted, and the services will be covered through insurance later this year.

Ensuring Care for Our Veterans

The comprehensive health care services provided by MinuteClinic positions CVS Health to make a meaningful difference in the lives of America's 19 million veterans. To provide our nation's heroes with the high-quality, convenient care they deserve, we have invested in a strategic partnership with the U.S. Department of Veterans Affairs (VA) since 2016.

Through the CVS Health-Veterans Administration program, veterans can contact a VA-run triage help line and when clinically appropriate, VA nurses offer eligible veterans the options to receive care at participating MinuteClinic locations for treatment of minor illnesses and injuries. Additionally, MinuteClinic has integrated information technology with the VA, allowing MinuteClinic to make patient data available to the VA via the eHealth Exchange, so the VA has the full record of any medical services provided during the MinuteClinic visit. These programs have served more than 3,500 veterans over the last three years, most commonly treating conditions such as ear infections, sinus infections, and cough. Veterans' average in-clinic wait time remains under 30 minutes, and in quality surveys, veterans have reported a very positive experience.

In 2017, we set a new CSR performance target to form partnerships with five VA health care systems by 2022. In 2018, we built upon our footprint of Phoenix, AZ and Northern California, launching pilots in Santa Clarita, CA and Corpus Christi, TX to help achieve our goal. We were also proud to support the enactment of the VA Mission Act, which enhances veteran access to community care through the VA.

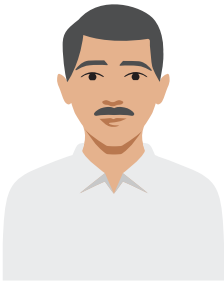
Care for Our Veterans

"We are proud to have worked closely with the VA on the local and national levels to ensure our walk-in clinic programs deliver high-quality care to veterans when and where they need it. The new law provides opportunities to serve even more of our nation's veterans across the country, increasing access, reducing wait times for minor illnesses, coordinating patient care, and integrating information technology. We look forward to continuing to partner with the VA and to sharing the experiences we have garnered through our work together."

— Sharon Vitti, Senior Vice President and Executive Director, MinuteClinic

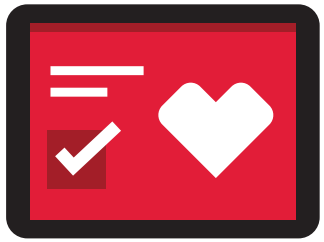
MinuteClinic in 2018

1M+
flu shots administered



5.2M
patient visits

94%
patient satisfaction rate



Women's Heart Health

As part of our continued support of the American Heart Association's Go Red for Women movement, we extended our commitment to women's health in 2018 by offering no-cost "Know Your Numbers" heart health screenings for the second year at MinuteClinic locations any Wednesday in February, including Valentine's Day. We also created an opportunity for customers to support women's heart health by donating to life-saving cardiovascular research and education at the register at CVS Pharmacy® stores during the month of February.

Responding to Community Health Care Needs

We are constantly expanding MinuteClinic offerings to address the specific health care needs of all the communities we serve. In 2018, we:

- Increased focus on prevention and management of chronic care, including diabetic retinopathy to prevent disease progression among customers who have diabetes. We also expanded abilities for more in-clinic tests to support the management of chronic disease and medication adherence.
- Identified 66 MinuteClinic locations near universities and colleges where we will expand services. The goal of this new offering is to deliver high-quality care to college-aged adults who may have limited access to care while attending school. In addition to the standard services provided at MinuteClinic, we will also include expanded sexual and women's health services and age-appropriate screenings and counseling services.
- Piloted Flublok®, a new influenza vaccine that does not use eggs, antibiotics or live influenza virus in the manufacturing process, at 100 MinuteClinic locations. We administered an estimated 4,000 Flublok shots to patients.
- Expanded our efforts to administer the mainstream flu shot to children, reaching nearly 13,000 toddlers aged 18–35 months.
- Shared vaccination information with 16 state immunization registries to advance public health.

Making Optometry Care More Accessible

As part of our commitment to meeting community health needs, we continue to make access to optometry care more convenient. In 2018, our optometry operations expanded to a total footprint of 36 locations in six states. Our team of 150 professionals served more than 5,000 patients with eye exams, vision tests and contact lens or glasses fittings and evaluations. We also partnered with MinuteClinic to introduce a new diabetic retinopathy service and address the leading cause of blindness in patients who have diabetes.

Supporting Our Patients with Chronic Disease

As we transform the health care experience for all patients, we pay special attention to the needs of patients with chronic diseases who seek care more frequently. We continue to invest in the development of smart and robust solutions to address the health impacts and escalating costs related to chronic disease in the U.S. Our efforts include expanding preventive care and treatment for chronic conditions, improving medication adherence, coordinating care across the healthcare system, engaging patients where they are, and offering healthier product options at our stores.

Piloting Solutions through HealthHUB®

Our new HealthHUB concept stores are a cornerstone of our work to transform the health care experience. Debuting in February 2019 at three locations in the Houston, TX area, HealthHUB locations are piloting several programs to support patients in managing chronic conditions and drive medical cost savings. Through HealthHUB locations, we are identifying the most effective and scalable solutions to introduce across our footprint and provide easy access to services – in patients' local communities and on their schedules.

HealthHUB locations bring together a full suite of support, including pharmacy, nutrition, MinuteClinic and health-focused product offerings that provide tailored solutions for patients managing chronic conditions. Expanded diabetes-focused clinical services include screenings, maintenance appointments, and annual assessments. More than 20 percent of the store is dedicated to health services, including new durable medical equipment and supplies.

Care Concierge professionals act as the connection point inside the HealthHUB location, helping patients navigate options and connect with the services they need. On-Demand Health Kiosks help customers measure and track their blood pressure, weight and body mass index (BMI), and digital tools will help them progress once they leave the store. The design of the HealthHUB location also includes Wellness Rooms, available for colleagues and community partners to host group events like health classes, nutritional seminars, and benefits education.

Personalizing Care Solutions

Our Transform Care® programs continue to deliver frequent and highly personalized care to millions of CVS Caremark® members who are managing a chronic condition. The programs combine patient-related health and pharmacy data with drug cost management strategies that make care more effective, affordable and easy to navigate.

Transform Diabetes Care™, introduced in 2016, has since been adopted by more than 230 CVS Caremark clients, representing 3.4 million members. The program uses advanced analytics to identify members with diabetes and target appropriate interventions. A certified coach develops and helps execute personalized management plans for Type 2 diabetes patients based on their pharmacy data and electronic health record information. The patients use at-home, connected glucometers for glucose readings, which their coach can monitor to offer help as needed. The program also ensures patients receive prescription refill reminders, in-person counseling on diabetes management, and comprehensive diabetes visits at MinuteClinic locations at no out-of-pocket cost.

By 2021, we plan to offer an enhanced diabetes program that combines CVS Health's local and pharmacy care with Aetna's care management, targeting, analytics and other capabilities, resulting in a best-in-class diabetes and chronic offering. The enhanced program will derive from the current Transform Diabetes Care model, making for a seamless transition and member experience for clients who wish to adopt the enhanced product. Features of the enhanced product may include:

- Aetna's care managers can provide a single point of contact for members with chronic conditions regardless of which conditions members have.
- The member's care manager will also have access to the member's information from their engagement in the Transform Diabetes Care program and can coach based off of that information.

Creating Comprehensive Programs for Complex Conditions

Another way we are reducing costs and enhancing patient care is through the development of comprehensive programming designed specifically for complex chronic conditions like kidney disease and cancer.

In 2018, we introduced a program to support patients with End Stage Renal Disease (ESRD), a disease that affects nearly 700,000 Americans. Taking a staged approach, our program seeks to slow the progression of ESRD and reduce associated hospitalizations. Beginning with early disease identification and patient education, the program will follow with the development of a comprehensive home dialysis program, for both hemodialysis and peritoneal dialysis. Understanding that longer, more frequent hemodialysis treatments often lead to better outcomes, we will initiate a pivotal clinical trial of a new home hemodialysis device in support of a planned U.S. Food and Drug Administration (FDA) submission to obtain market clearance.

HealthHUB

"We believe that transforming the consumer health care experience begins with creating a new front door to health care. Our new HealthHUB locations are just that – helping to elevate the store into a convenient neighborhood, health care destination that brings easier access to better care at a lower cost."

— Alan Lotvin,
Chief Transformation Officer,
CVS Health

We will select new program participants by determining who is most at risk for kidney disease and progression to kidney failure, as identified through medical and pharmacy claims data and predictive analytics algorithms, in accordance with HIPAA. Our Accordant Care nurses will engage these individuals to educate them on their risk level, important tests they should consider taking, and the need to see a nephrologist. This team will work with individuals as they progress toward ESRD.

We also work with our health care partners and clients to help manage the cost of oncology care while ensuring access to vital therapies for patients. Our approach promotes evidence-based cancer care, lower-cost but clinically equivalent treatment options, and a holistic patient care model that helps patients adhere to therapy. An important component of our cancer care approach is helping providers stay up-to-date with the latest research and advancements, a challenge in the fast-paced field of oncology.

In 2018, we partnered with the leading oncology organization National Comprehensive Cancer Network (NCCN) to provide physicians with a tool to access the latest evidence-supported information. Treatment Guidelines from the NCCN are integrated into Novologix, CVS Health's proprietary technology platform, and serve as the clinical foundation of multi-drug regimen prior authorization (PA) for physicians and patients. Novologix helps drive cost-effective regimen selection by determining treatment coverage that meets treatment plan needs.

Improving Medication Adherence
We design medication adherence solutions that simplify complex medication regimens to help patients better manage their chronic conditions. Managing varying dosing instructions and tracking side effects can be challenging for many patients. We have committed to improving medication adherence and reducing the costly and detrimental effects of non-adherence by providing meaningful solutions. These solutions have resulted in:

- An 11.4 percent adherence improvement for patients receiving CVS Specialty® CareTeam support, which involves pharmacists and nurses who are specially trained in chronic conditions.
- An 8 percent improvement in rheumatoid arthritis adherence through Specialty Connect®, which enables specialty prescription fills at CVS Pharmacy or by mail.
- A 6 percent improvement in adherence through ScriptSync®, which makes it easier for patients to refill all their prescriptions at one time.

Our ScriptPath® prescription management system helps patients understand and manage their medications, improve the effectiveness of their medication regimens and drive better patient safety and outcomes. The ScriptPath Prescription Schedule expanded in 2018 with new prescription labels and helpful information included on prescription bags. The prescription schedule, new labels and bag tags use color-coded and easy-to-understand icons to communicate what time of day medications should be taken. Clear refill instructions facilitate reordering, a simplified dosage schedule makes directions clearer, and easy-to-find prescription notes relay important information.

CVS Caremark's Pharmacy Advisor program is another patient care model helping to improve adherence rates. Available to CVS Caremark members diagnosed with certain chronic conditions, the program provides key information about prescribed therapy when members are most receptive to these messages: face-to-face when filling a prescription or by phone from the Pharmacy Advisor Call Center when members choose home delivery. Through Pharmacy Advisor, more than 32 million personal counseling interventions have been delivered, which has improved patient medication adherence by 10 percent for hypertension medication, 9 percent for anti-diabetics and 12 percent for cholesterol therapy.

Optimizing Sites of Care
Coram® CVS Specialty Infusion Services provide patients with the infusion care they need in the location that's right for them. Our more than 2,000 clinicians provide care to nearly 200,000 patients annually for a range of complex conditions including immune deficiencies, neurological disorders, digestive disease and serious infections.

Infusion therapy delivers medication through a catheter into a vein, and many patients can receive this care safely and effectively in the comfort of their own homes rather than more costly and less convenient hospital or clinical settings. Our teams work to meet the patients' health needs as soon as possible after they are discharged from the hospital, or when such support is needed as part of their overall treatment regimen.

For patients coming out of the hospital, we know that can sometimes be a fragmented and cumbersome process. Patients need to focus on getting better and maintaining their health regimen, so we've built a high-touch personalized care model and invested in technologies to support patients. Through preferred partnerships with hospitals, our Coram teams can receive the most up-to-date information on patients as they're being discharged, which enables us to provide them with the care, support and

education they need as quickly as possible. In 2019, we're implementing machine learning readmissions risk modeling to help identify patients at higher risk for hospital readmission who may require additional support and interventions.

Making Prescription Drugs More Affordable

We've developed the most comprehensive program in the industry to ensure that rising prescription drug prices are not a barrier to adhering to treatment plans and achieving better health. At the pharmacy counter, at the doctor's office, and through solutions provided by CVS Caremark, we're combining our vast expertise with new technologies to develop innovative solutions that help patients manage prescription drug costs.

The CVS Pharmacy Rx Savings Finder enables our 30,000 retail pharmacists to seamlessly evaluate savings opportunities for patients at the pharmacy counter. The tool is expected to produce an average of $420 in additional annual savings for eligible patients, and shows pharmacists:

- If the prescribed medication is on the patient's formulary and is the lowest cost option available.
- If there are lower-cost options covered under the patient's pharmacy benefit – such as a generic medication or therapeutic alternative with equivalent efficacy of treatment.
- If the patient may be able to save money by filling a 90-day prescription rather than a 30-day prescription.

If generic or lower-cost alternatives are not available, the Rx Savings Finder identifies other potential savings options for eligible or uninsured patients, where allowed by applicable laws and regulations.

We're also helping CVS Caremark members save by reaching their providers with prescription benefits information at the point of prescribing. Our proprietary real-time benefits tool powers a database of clinically mapped drugs, providing the prescriber easy access to member-specific pharmacy benefit and drug cost information.

It continues to be a priority for us to help keep prices down for members. For example, in 2017, despite manufacturer price inflation near 10 percent, we were able to keep drug prices nearly flat for CVS Caremark clients at 0.2 percent. The combination of nearly flat drug price growth with low drug utilization growth resulted in a reduced drug trend for commercial clients of 1.9 percent – the lowest level in five years. Out-of-pocket costs for members also declined, with three out of four members spending less than $100 out-of-pocket for their prescription medications, and nearly 90 percent of members spending less than $300, even as adherence improved to its highest level in seven years. We have also deployed value-based contracts that more closely tie the outcomes of a drug to its final cost. These strategies have been deployed for rheumatoid arthritis, non-small cell lung cancer, breast cancer and high cholesterol. These innovative approaches are now in place for more than 21 million member lives.

"Until now, patients haven't had the appropriate tools available to them to help them manage these costs. We are committed to finding the right drug at the lowest possible cost for patients to ensure they are able to access and stay on the medications they need. That's our promise."

— Kevin Hourican, Executive Vice President, CVS Health and President, CVS Pharmacy

In addition to our efforts to make prescription drugs more affordable, we also publicly voiced our support of new government policies to reduce the cost of prescription drugs. We believe more needs to be done, and we are well-positioned to implement many of the government's key proposals focused on improving competition, ensuring better negotiations, incentivizing lower list prices and lowering out-of-pocket costs.

Maintaining Focus on Safety and Quality

As patients turn to CVS Health for expert care and counsel, it's our foremost responsibility to ensure the quality and safety of our products and services. We continue to invest in training, processes, and technologies to ensure the programs and systems in place across our operations meet the highest standards.

Through engagement with independent industry experts, including the patient safety organization PSO Advisory, we are continuously evaluating our quality and safety procedures and advancing performance metrics and safeguards.

Ensuring Quality and Safety in the Pharmacy

Every prescription we dispense undergoes a multi-step clinical and quality assurance review by a pharmacist, and all our pharmacy operations follow comprehensive quality assurance processes for prescription safety. These processes come in many different forms, including:

- On-screen computer messaging
- Bar-coded prescription labeling

Safeguarding Pediatric Patients

In a recent study, researchers found that more than 80 percent of parents made at least one dosing error when measuring out liquid medication for their children. Most dosing errors occur with fever-reducing pain relievers, followed by allergy medicines and antibiotics. In 2018, we introduced store-brand, over-the-counter single pack allergy, cold and flu products to facilitate accurate dosage delivery to children.

- Electronic prescribing
- Automated prescription filling
- Electronic pill imaging
- Quality procedures for compounded prescription items
- Drug utilization reviews
- Quality assurance training for all pharmacy staff

We have also developed a two-step verification process that separates data entry/drug utilization review and product verification steps for pharmacy staff, and enhanced pharmacist communication to escalate the most important messages, such as those related to drug-to-drug interactions. In 2018, we armed our field leaders with monthly campaigns focused on safety topics, coupled with relevant trainings, to elevate a culture of patient safety in all our pharmacies.

Going Above and Beyond for Quality and Safety at Coram
Our Coram infusion pharmacy teams compound medications in compounding pharmacies across the country. In 2018, Coram continued to advance commitments to high quality patient services and safe working environment by continuously seeking to elevate safety protocols and processes for technicians compounding medications. For example, they are now outfitted with a one-piece medical suit when working with medications to help ensure a sterile environment.

Emphasizing Product Quality and Transparency
When consumers select one of our store brand products, they can trust that what they see on the label is what they get. We use PurView, a monitoring tool that accesses a database to screen all store brand food ingredients, label claims and nutritional specifications to ensure they comply with regulations and CVS Health policies. Our increased visibility into product ingredient profiles enables us to deliver compliant and accurately-labeled products. This also helps us ensure our suppliers are adhering to our restricted substances list.

In 2018, we became the first retailer to establish and begin implementation of guidelines and processes to guarantee the quality of our vitamin, nutrition, and energy supplement selection. We've committed that, by the end of 2019, all vitamins and supplements sold in our stores and on CVS.com® will have completed third-party testing to confirm accuracy of the ingredients on the label and to make certain the products are free from any concerning additives and ingredients.

Elevating the Consumer Retail Experience

Our expansive retail footprint allows us to positively impact the lives of millions of Americans each day, and we work hard to ensure their retail experience is consistent with our purpose of helping people on their path to better health.

Supporting Healthier Choices

We became the first and only major drugstore chain to stop selling tobacco in 2014, and since then have been hard at work to ensure our consumers can always make healthier choices in our stores – whether it's by providing better-for-you food options, personal care items that are free from unwanted chemicals of consumer concern, or products that support everyday health needs.

In 2018, we implemented our health-focused store design, using a streamlined layout to highlight themes that make healthier shopping easier. "Discovery Zones," located in key health categories take a holistic approach to care and product selections, and informational signage guides consumers to easily find an appropriate solution.

Increasing healthier food options is a focus at all our retail stores, and we continue to dedicate 25 percent of front checkout space to these items. Many of our healthier offerings come from our Gold Emblem Abound line, which features snack items, many of which are organic, that are free from artificial flavoring and preservatives and clearly highlight at least one better-for-you characteristic on the package. In 2018, we expanded the Gold Emblem Abound line to more than 160 items, including White Cheddar Bite-Sized Quinoa Rice Cakes (Winner of Product of the Year 2019 in the Better-For-You Snack Category) and Blueberry Pomegranate Trail Mix Bites (Winner of the Cooking Light Taste Test Award) and have an additional 33 items planned for 2019.

We have implemented a seasonal program, Better Choices Made Simple™, to promote brands like Annie's, Blue Diamond and Kind during Easter, Halloween, and back-to-school periods when it can be hard to find healthy food. We also offer a variety of smaller-portion packs of healthier snack items during back-to-school season.

Ingredients are another important consideration for our consumers when making purchasing decisions. Our Live Better™ brand offers simple health solutions that use only essential ingredients and are free from artificial preservatives, dyes, and flavors. In 2018, the line grew beyond children's and adult cough and throat relief and now includes sleep aids and products that support digestive health. Read more about our efforts to remove unwanted ingredients in the Protecting Our Planet section of this report on page 61.

The Beauty Mark

"Foundational to our work is ensuring girls have the skills and knowledge to critically analyze the messages and images they receive daily and reinforcing the importance of valuing their whole selves. The commitment CVS Pharmacy has made through the Beauty Mark initiative aligns perfectly to our mission and sends a powerfully positive message to girls that beauty comes in all forms and is a reflection of every part of who they are and what makes them unique."

— Judy Vredenburgh, President & CEO, Girls. Inc.

With the 2018 launch of same-day delivery in six cities, we've made it easier than ever for CVS Pharmacy customers to receive their prescriptions. Using the CVS Pharmacy app, customers can arrange for delivery within three hours and include vitamins and other select non-prescription items with their orders as well. In early 2019, three-hour delivery expanded to nearly 6,000 CVS Pharmacy locations with more stores to be added throughout the year.

Creating New Standards for Beauty Imagery

As a purpose-led health care company and the second largest beauty retailer in the country, we want our consumers to see a more authentic and diverse representation of beauty. In January 2018, we announced our commitment to transparency for all beauty imagery by the end of 2020 and our effort to strive toward a more authentic representation of beauty by promoting and celebrating unaltered imagery. To accomplish this, we made a commitment to not materially alter the beauty imagery we create for our stores, marketing materials, websites, mobile apps or social media and introduced the CVS Beauty Mark™, a watermark which appears on imagery that is authentic and has not been digitally altered.

In January 2019, we announced significant progress toward our goal of full transparency, with nearly 70 percent of beauty imagery in CVS Pharmacy locations nationwide featuring either the Beauty Mark to indicate that an image has not been materially altered, or a label noting "digitally altered." We are working toward 100 percent transparency by the end of 2020.

We also engaged key brand partners to join us in this commitment to full transparency by 2020, including Neutrogena, COVERGIRL, Revlon, Olay, Almay, Aveeno, Rimmel, JOAH, L'Oréal, Maybelline, Unilever, Burt's Bees, and Physician's Formula. COVERGIRL Ayesha Curry, Neutrogena Brand Ambassador Kerry Washington, and Revlon Brand Ambassador Ashley Graham already appear digitally unaltered in their respective new campaigns.

To extend our impact beyond the beauty aisle, we are proud to support Girls Inc. in its mission to help all girls become strong, smart and bold. Through multiple cause-marketing campaigns with Johnson & Johnson, Procter & Gamble, L'Oréal, and the sale of limited edition t-shirts, more than $500,000 was donated to Girls Inc.

Addressing Home Health Care Needs

We created Home Health Care stores to help patients live healthier, empowered and independent lives. They offer products to assist with improved mobility, bath safety, aids for daily living, bedroom independence, compression legwear, orthotics, specialty incontinence, specialty wound care and arthritis gloves/supports. These stores have a dedicated, full-time Home Health Care specialist to help consumers with product questions, product fittings and special orders. In 2018, we added 13 new Home Health Care Stores for a total of 61 stores, with plans to expand in 2019.

Improving Colleague Health

In addition to helping our customers on their path to better health, we are equally committed to the health of our colleagues. For us, being a great employer means ensuring our colleagues and their families can lead healthy lives – in body, mind and spirit. In 2018, we:

- Committed to no increase in employee health insurance premiums employee premiums for the 2018 – 2019 plan year despite a year-over-year 5 percent increase in medical and prescription costs. We are absorbing the increase for our more than 100,000 employees enrolled in the company-sponsored health plan.
- Implemented a Value Formulary to encourage use of generic drugs when possible to reduce costs while providing the same health benefits.
- Contributed to health savings accounts (HSAs) as part of our employee benefits package, in

Innovating for Better Health Outcomes in Retail

We are always looking for ways to improve the products our consumers depend on most. Wound care products make up half of CVS Pharmacy's first aid category sales, and in 2018 we set out to improve our offerings by gaining a deeper understanding of the wound care process. Partnering with a design-focused agency, we visited patient homes to learn more about the challenges they face and innovations they'd like to see. With this feedback, we have developed a new bandage that will launch in 2019.

addition to a high-deductible health plan. On average, we contribute $1,100 annually per enrolled colleague. Lower-salaried colleagues receive greater company contribution.

- By the end of 2018, the proportion of enrolled colleagues investing in their HSA was 53 percent, representing a 3 percent decline since 2017. This is due to acquisitions where some new colleagues delayed making their contributions. We remain on track to meet our goal by 2022.

While affordability is critically important, so is accessibility. Our Strive well-being program offers convenient, low- or no-cost benefits and activities that make it easier for employees to invest in their health at or away from work. Benefits include free flu shots, smoking cessation support, weight-management programs, health screenings, and physical fitness activity challenges. All CVS Health colleagues have access through our mobile app HealthConnect, which connects users to well-being resources to set and achieve goals.

In 2018, we also built upon these investments to our employees through our new paid parental leave program, which allows colleagues to take up to four weeks leave at 100 percent of their pay to welcome a new child into their home. Learn more about this program and other investments we're making in our colleagues in Supporting Colleague Health and Well-being on page 52.

Our colleagues' emotional well-being is just as important to us as their physical well-being, and we believe they should have the resources available to receive confidential support for mental health challenges when needed. For CVS Health colleagues who work 30 hours a week or more, we have made available six face-to-face professional counseling sessions per person, per issue, per year through our Employee Assistance Program (EAP). This benefit is accessible to colleagues and their family members and doesn't require CVS Health medical plan enrollment.

We are committed to investing in benefits and compensation plans that are most valued by our colleagues. In 2019, we will collect colleague feedback to inform a Total Rewards program that reflects our evolving organization and incorporates compensation, health and welfare, financial well-being, and family support programs.

Investing in Community Health

Our purpose of helping people on their path to better health begins with our commitment to supporting accessible, affordable and quality care for all patients – regardless of where they live, how much money they have, the language they speak, or the health challenges they face. Our community investment approach aims to fill gaps within our commercial footprint, support underserved populations, and positively impact public health. In January 2019, we announced *Building Healthier Communities*, a $100 million commitment through our company and the CVS Health and Aetna Foundations, to support this work and make community health and wellness central to our charge for a better world.

Building Healthier Communities focuses on the areas where we can leverage our organization's size and scale to maximize our impact in local communities. Funding from CVS Health and the CVS Health and Aetna Foundations will be invested over five years to support initiatives and nonprofits across three categories: improving local access to affordable quality care; impacting public health challenges; and partnering with local communities on the most pressing health issues.

Our colleagues will play a key role in these efforts by supporting awareness of our work and deploying their time, talent and passion to give back to their communities. We are committed to delivering at least $10 million in value of volunteer hours a year to creating healthier communities.

Together, we will deliver significant social impacts that support the health of communities across the U.S., including an increase in patient engagement and improving health outcomes in communities we serve.

All of this work will build on the strong legacies of community commitment established by both CVS Health and Aetna, along with our Foundations.

Support through the CVS Health and Aetna Foundations

Through the CVS Health Foundation, we make strategic investments that increase access to health care in local communities. A private foundation created by CVS Health, the CVS Health Foundation provides support for nonprofit partners, pharmacy schools and our colleagues. The Foundation focuses philanthropic giving in four areas: access to health care for underserved populations; smoking cessation and youth tobacco prevention; mitigating and preventing prescription drug abuse; and local community support.

In 2018, the CVS Health Foundation awarded $1 million in new grants to the National Association of Free and Charitable Clinics to support 49 clinics working to improve health outcomes for patients managing chronic conditions.

Partnering with the National Association of Community Health Centers, in 2018 we continued to fund health centers addressing the opioid crisis in their local communities.

We proudly extend our philanthropic efforts through the Aetna Foundation, which works to influence the social and economic factors impacting health in communities across the country through four main initiatives.

Multi-year collaboration with U.S. News & World Report to evaluate which communities across the U.S. are doing the best job of improving health and to inspire localized action by policy and health officials.

State and community-based grants to address the national opioid crisis.

Grants for local, not-for-profit organizations focused on social determinants of health impacting underserved populations.

A multi-year competition across the U.S. to help 50 communities tackle their most pressing local health issues.

Combating Prescription Drug Abuse

CVS Health has made a commitment to help address the abuse and misuse of prescription opioids by designing programs and collaborating with community leaders, policymakers, law enforcement, health care professionals and others to increase community-based educational programs related to opioid misuse and abuse, create safe prescription drug disposal sites, expand access to life-saving antidotes and advocate for targeted and effective policies, locally and nationally. Learn more about our opioid response here.

Adopting Utilization Management and Strengthening Patient Consultations

One of our greatest opportunities to reduce medication misuse is through the implementation of enhanced opioid utilization management for our CVS Caremark clients, who represent 92 million member lives. Statistics show that the longer the days supply of opioids, the more likely a first-time user is to become a chronic user. In line with the Guideline for Prescribing Opioids for Chronic Pain issued by the U.S. Centers for Disease Control and Prevention (CDC), updated standards for CVS Caremark members, unless prior authorization is given, include:

- Seven-day supply limits for acute pain where appropriate
- Morphine milligram equivalent (MME) quantity limit
- Immediate release (IR) before extended release (ER) step therapy

For clients adopting utilization management criteria, the number of prescriptions covered for a seven-day supply or less is now 94.8 percent. We will continue to monitor and optimize our utilization management to build on these early results.

CVS Pharmacy also strengthened counseling for patients filling their first opioid prescription, helping them to understand the risk of dependence, importance of safe storage and disposal, and recommendations from the CDC on using the lowest effective dose for the shortest possible duration.

To support our pharmacists in providing the best care for patients struggling with opioid-use disorder, in 2018 we offered new training for retail pharmacists on medication assisted treatment (MAT). The training, developed in partnership with TRC Healthcare, the authors of Pharmacists Letter, sought to reduce stigma related to MAT and arm pharmacists with strategies to work with patients, providers and colleagues in providing the most appropriate and compassionate care.

Pharmacists Teach about the Dangers of Prescription Drug Misuse

Our pharmacists are on the front lines of our work to reduce prescription drug abuse and their commitment to helping communities combat opioid misuse is inspiring. Through our Pharmacists Teach prevention education program, pharmacists go beyond their day-to-day responsibilities behind the counter and into classrooms to educate teens and parents on the dangers of misusing prescription drugs.

Since 2015, our pharmacists have volunteered their time to deliver the "One Choice Changes Everything®" curriculum to more than 450,000 teens and parents across the country, with a goal to reach 750,000 people by 2020. In 2018, we proudly expanded Pharmacists Teach into Colorado, Delaware, South Dakota and Utah, and to-date, our pharmacists have delivered more than 9,800 presentations across 48 states, the District of Columbia and Puerto Rico.

Education for parents was a priority area of focus in 2018 and we began providing our curriculum to CVS Caremark members. In 2018, Pharmacists Teach brought the Prescription for Parents program to 26 new states, delivering 134 presentations.

Safe Medication Disposal

Increasing access to safe medication disposal in local communities helps clear homes of unused medications that could be diverted, abused, contaminate the water supply or end up in landfills, if disposed of improperly. In 2018, we drastically increased the number of safe medication disposal sites, adding 750 units in CVS Pharmacy locations. In addition, we continued to work with The Partnership™ at Drugfree.org to

Pharmacists Teach

In 2018, we brought our Pharmacists Teach program to Metro Youth Day in Detroit. Our pharmacists educated attendees on prescription drug misuse and colleagues from MinuteClinic discussed smoking cessation and MinuteClinic services available to the community. Metro Youth Day, which has taken place for more than 35 years, aims to build better relationships between the community and the private sector by bringing together metro Detroit area youth for a day of fun and activities.

Prescription Drug Abuse

We also work to increase awareness of the dangers of prescription drug abuse and misuse by leveraging our communications channels reaching millions of customers each day. In January 2019, we participated in the National Institute on Drug Abuse (NIDA) Drug and Alcohol Facts Week and donated in-store radio and receipt messaging to inform customers and direct them to online resources. We also partnered with Viacom to promote Listen, an initiative developed in partnership with the Surgeon General and the nonprofit organization Facing Addiction focused on breaking down the stigma of addiction through an in-store radio donation.

make drug collection units available to law enforcement agencies. Local law enforcement agencies can apply online for a disposal unit. Through this program, we have donated nearly 950 units to police departments across the country. In total, the more than 1,650 safe medication units we have installed or donated nationwide have collected more than 480,000 pounds, or 217 metric tons, of unwanted medication.

We also helped raise awareness of the importance of proper drug disposal through participation in the U.S. Drug Enforcement Administration (DEA) National Prescription Take-Back Day biannual events. In 2018, more than 100 CVS Pharmacy locations joined other community sites around the country to host law enforcement take-back events in April and October, allowing the public to safely dispose of unwanted medication.

Increasing Naloxone Education, Access and Affordability

CVS Pharmacy continues to expand its industry-leading program to provide patients with education and access to naloxone, the lifesaving opioid overdose-reversal drug. Our enhanced patient education campaign, consistent with the Surgeon General's Advisory on Naloxone and Opioid Overdose issues in April 2018, includes:

- In-store signage and radio messages that highlight the availability and accessibility of naloxone and seek to remove the stigma around substance-abuse disorders and treatments.
- Enhanced counseling for CVS Pharmacy patients, particularly those with higher doses of prescription opioids, about the availability and importance of naloxone.

CVS Pharmacy also began accepting and automatically applying a coupon for NARCAN nasal spray for patients without insurance, through our partnership with Adapt Pharmaceuticals. The resulting out-of-pocket cost of $89.99 for the spray is the lowest net price available on the market for patients without insurance.

In addition to educating patients on the importance of naloxone, we have worked for years to increase the availability of naloxone at CVS Pharmacy without requiring an individual prescription. As a result of collaboration with state lawmakers and local advocates, today we're proud to offer access to naloxone without a prescription to CVS Pharmacy patients in 48 states.

Supporting Addiction Recovery Programs for At-Risk Patients
As part of our commitment to fighting the opioid epidemic, the CVS Health Foundation made a $2 million commitment in support of federally-qualified community health centers to increase access to medication-assisted treatment and other recovery services. We partnered with the National Association of Community Health Centers (NACHC) to convene a panel of experts that developed a protocol of best practices for community health centers on provider prescription guidelines, medication-assisted treatment, behavioral health, and collaboration with other community organizations to treat and prevent prescription drug abuse among at-risk patients.

Through this commitment, in 2018 the CVS Health Foundation provided grants to 12 additional community health centers across the U.S. to reach nearly 350,000 patients and support 115 physicians working to increase access to medication-assisted treatment.

Our investments also support efforts to ensure effective protocols for opioid prescriber practices, strengthen and systematize partnerships with specialists and community-based organizations, and help create safe, judgment-free environments for all patients.

We plan to expand Aetna's 2018 pilot program, "Guardian Angel," which provides Aetna members who recently experienced an opioid overdose with support from a clinician specializing in substance use disorders. The clinician connects with these members to provide them with support to prevent a future overdose. Since the program's launch, more than 400 patients have successfully engaged with clinicians who connect them with treatment options, identify resources in the local community, and encourage them to seek support with their primary care physician.

Expanding Preventive Care Through Project Health

Our Project Health campaign connects multicultural communities with large numbers of uninsured or underinsured residents to no-cost comprehensive health assessments that detect early risks for chronic conditions. Since its founding in 2006, Project Health has delivered more than $127 million in free health care services to nearly 1.7 million Americans. These screenings are often how an estimated one-third of attendees first become aware of a health concern or condition.

Project Health in 2018

550
events

77K+
participants

176K
biometric screenings

4.3K
smoking cessation counseling sessions

40K
referrals for a flu shot

$5.3M
worth of free medical services

As part of *Building Healthier Communities*, we will expand Project Health to reach more underserved and underinsured communities. Our goal is to reach 180 million people in 16 U.S. markets and Puerto Rico, for a projected consumer value of $8.5 million. The expansion will also do more to screen for the social determinants of health, including family, education, housing and access to fresh food.

Project Health participants who receive abnormal screenings are referred to treatment and advised on follow-up care. For uninsured and underinsured patients, we provide a directory of low- and no-cost primary care options. We also offer an Individual Health Access Plan with an explanation of screening results, including a comparison to target numbers, and nutrition and fitness suggestions. More than 87 percent of patients who attend Project Health events report following up with their primary care physician and were significantly more likely to proactively discuss their blood pressure, BMI and blood sugar levels.

Delivering the First Tobacco-Free Generation

Part of our commitment to building healthier communities is helping people live tobacco-free lives. As we continue to support patients in managing chronic conditions, one of the best ways we can support the health of our communities and fulfill our purpose of helping people on their path to better health is to help those who smoke quit and ensure those who don't, never start.

We were proud to be the first – and continue to be the only – national pharmacy chain to remove tobacco products from our stores. In addition to investing in cessation programs for people of all ages, we have made significant investments in tobacco prevention initiatives for youth. That's why CVS Health and the CVS Health Foundation made a five-year, $50 million commitment called *Be the First*, which aims to deliver the first tobacco-free generation. *Be The First* brings together the nation's leading anti-tobacco and youth-serving organizations to support education, advocacy, tobacco control and healthy behavior programming that not only focuses on the use of combustible cigarettes, but also addresses the skyrocketing rate of e-cigarette use and vaping among youth.

2018 saw a dramatic rise in youth tobacco use, according to the FDA and CDC. For the first time in several years, the percentage of high school students who are current cigarette smokers increased. More than 3.6 million middle and high school students were current e-cigarette users, according to the latest report, an increase from more than 1.5 million students the previous year. In addition, youth who use e-cigarettes are using them more

frequently and using flavored products more often than last year.

To help combat these alarming trends, we awarded, through the company and the Foundation, more than $4 million in grants in 2018 to organizations that provide an array of programming that support our *Be The First* focus areas, including youth tobacco and e-cigarette prevention in classrooms and communities across the country; supporting clinicians with trainings and resources on screening youth for tobacco use; helping youth become tobacco-free advocates in their own communities; and creating more smoke-free college campuses across the country.

Through these programs, partnerships and strategic investments, we have reached more than 9 million youth with smoking prevention messaging. The CVS Health Foundation has also supported a total of 228 colleges, universities, women's colleges, historically black colleges and universities, and community colleges to implement smoke- and tobacco-free policies, including 82 schools in 2018.

E-cigarettes are threatening to addict a new generation, and reverse the enormous, decades-long progress our nation has made in reducing youth tobacco use. As a result, in 2018 we focused our partnerships and investments on halting the use and rapid growth of e-cigarette use among youth. Key highlights included:

- Through partnerships with the CATCH Global Foundation and Stanford University, we developed curriculums and campaigns to address the dangers of e-cigarette use among youth and to help students understand how to develop healthy coping and refusal skills.

- We developed an innovative campaign with DoSomething.org, aimed at banning flavors in e-cigarettes, as research shows this is one of the leading reasons that youth try e-cigarettes for the first time. Later in 2018, the FDA announced that they would begin placing tighter restrictions on the sale of flavored tobacco products, including e-cigarettes.

- We launched a new partnership with the American Academy of Family Physicians to train clinicians on the dangers of ENDS (electronic nicotine delivery systems).

CVS Health remains steadfast in our commitment to helping the next generation be the first tobacco-free generation. We will continue to invest in best-in-class programming that provides our communities with the tools they need to live smoke-free.

Leading and Inspiring Growth

Leading and Inspiring Growth

As a health care innovation company, the way we do business has far-reaching impacts on the health of millions of Americans and the economic mobility of thousands of communities across the country. As we continue to grow, we are committed to creating value for all our stakeholders, including our shareholders, clients, partners, communities and colleagues.

Our colleagues' dedication to helping people on their path to better health is the driving force behind our work to transform the health care experience. In turn, our commitment to them spans a best-in-class rewards package, opportunities to advance their careers at every level, and an inclusive workplace. We must have a workforce that is representative of the diverse communities we serve and are constantly bringing a wider range of perspectives to our company.

We conduct business with integrity, transparency and accountability. This includes protecting the valuable information our stakeholders have entrusted to us, meeting or exceeding applicable regulatory compliance and voluntary standards, and using our expertise to advocate for solutions to our country's most pressing health care challenges. We continue to uphold our commitment to having a responsible supply chain with respect for human rights and the livelihoods we impact around the world.

By leading and inspiring growth in every facet of our business, we are positioning our company for continued success and deepening our ability to create positive social change.

Our Top Accomplishments in 2018

Provided opportunities for 2,800+ youth to participate in myCVS Journey Pathways to Health Care Careers

Drove a total economic impact of $5.8 billion and supported 38,000+ jobs through our supplier diversity program

Achieved nearly 100% colleague review and acknowledgment of our Human Rights Policy

Inspiring the Next Generation of Health Care Innovators

A diverse, skilled workforce is at the core of our strategy to transform health care delivery. Our workforce development programs and recruitment strategies leverage the exceptional talents available in our local communities to ensure CVS Health colleagues serve as the face of health care for generations to come. We invest in youth education and career training, provide quality employment opportunities for people of all abilities and support our nation's veterans as they transition into civilian life. These programs are made possible through collaboration with state and federal agencies, schools, universities and community organizations.

Across our company in 2018, through workforce development programs and other recruiting efforts, we hired nearly 85,000 colleagues. We also welcomed more than 13,450 youths in full- and part-time summer positions. To date, our efforts have helped more than 120,000 people transition off public assistance and into meaningful employment opportunities.

Creating Opportunities for Youth

With some of the best talent in the industry, we have a unique opportunity to expose youth to a vast number of careers in health care. Our STEM-enriched, nationally recognized program, myCVS Journey Pathways to Health Care Careers, introduces students to career opportunities in pharmacy services; professional management; medicine and nursing; and IT, analytics and engineering. In 2018, more than 2,800 youth participated in the program, nearly half of whom engaged in the pharmacy track. We extended the program's reach through a new collaboration with Job Corps, the largest free residential education and job training program for young adults that reaches more than 60,000 students per year.

Investing in Job Training

To strengthen our workforce and address our nation's widening skills gap, we train highly capable individuals for meaningful careers in pharmacy care, prescription benefit management, and retail store management. In 2005, we became the first employer to launch a U.S. Department of Labor Registered Apprenticeship program for pharmacy technicians. By 2022, we plan to hire 8,000 registered apprentices and provide these new colleagues with classroom and online instruction, professional mentorship, and on-the-job training, as well as pre- and post-placement retention support. At the end of 2018, we had hired more than 3,200 colleagues through this program.

We continue to identify ways to reach more prospective apprentices, and our newest program in Maryland – the state's first for pharmacy technicians and pharmacy managers – provides structured training through our Regional Learning Centers (RLC) in Washington, D.C., and District Heights, MD. Once apprentices complete the training, they are eligible to apply for a position at one of our more than 220 retail locations in the state.

Our RLCs serve as a hub for job training and a pipeline for new talent. Through our four, fully operational store and pharmacy training locations in Boston, Cleveland, New York City and Washington, D.C., we support the development of colleagues and partner with community agencies through a range of workforce development programs. Each RLC houses classrooms, office space and a full mock pharmacy. In 2018, 1,400 community members participated in an RLC workforce development program, with many transitioning to positions within CVS Health. Retention rates among CVS Health colleagues who participate in an RLC program are 35 percent higher than for colleagues who have not. Current colleagues also receive training at the RLCs, with more than 11,000 people having participated in 2018.

Welcoming Individuals of All Abilities

We believe in breaking down employment barriers for individuals of all abilities. Since 2015, we've hired nearly 7,000 colleagues with disabilities, who bring valuable and diverse life experiences to their roles with CVS Health.

In 2018, we expanded on this commitment and opened seven mock pharmacies at rehabilitation centers around the country through a partnership with the National Consortium of State-Operated Comprehensive Rehabilitation Centers (NCSOCRC). Mock pharmacies provide opportunities for students that are training for roles as certified pharmacy technicians and retail sales associates to practice what they are learning in the classroom before entering the workforce. At the end of 2018, CVS Health had more than 43 of these training centers around the country, with 29 geared toward individuals with disabilities.

Growing with CVS Pharmacy

Kaylee Merrick is a cashier and stock clerk who works at a CVS Pharmacy location in Virginia. Kaylee graduated from our training program at the mock pharmacy in Fishersville, VA, where she used her time to develop the customer service skills necessary to work in a CVS Pharmacy or other retail environment. When asked about her job, she said, "CVS Pharmacy has open arms to everyone and they have a lot of patience, too. I love seeing and interacting with my regular customers. Working at CVS Pharmacy has been an amazing experience."

Helping Military Veterans Find Meaningful Careers

As thousands of veterans and their families return to civilian life each day, transitioning to meaningful post-military careers can be challenging. CVS Health is dedicated to recruiting, hiring, training and retaining veterans to ensure their invaluable skills and expertise are part of our talent pipeline. People with military experience are employed at all levels–including as store associates and managers, pharmacists and MinuteClinic nurses, and leaders in our corporate offices. Since 2015, we have hired 15,000 colleagues with military experience and more than 4,000 military spouses.

In 2018, we expanded our involvement in the Department of Defense SkillBridge Initiative to two military bases: Hampton Roads in Virginia and Schofield Barracks in Hawaii. Transitioning service members are connected with a CVS Health colleague to learn about available job opportunities and how their skills can translate to a career at CVS Health. Training includes classroom curricula and a 12-week internship at a nearby CVS Pharmacy, followed by a virtual job tryout. Once military service is complete, veterans participating in this program are eligible to apply for any position with CVS Health.

We celebrated the one-year anniversary of our company's training and employment facility in Fort Bragg, NC in 2018. The Talent Connect Center (TCC) guides veterans and their spouses through CVS Health career opportunities nationwide. Since its opening, 61 people have graduated from the TCC program, and 75 percent of participants who completed the required courses and training have been hired by CVS Health, with the remaining majority using skills gained to find other employment.

Our commitment to America's 19 million veterans includes providing access to high-quality, affordable care and providing colleagues throughout our company with opportunities to support veteran causes. Read more about our partnership with the VA on page 23 of this report and learn how our colleagues are supporting veterans through our Valor Colleague Resource Group on our website.

CVS Health also supports the military community through external partnerships. Last year we provided 10 college scholarships to military spouses and family members as part of our ThanksUSA sponsorship. Our colleagues extend our commitment to supporting veterans through volunteer efforts, and in 2018 helped pack and ship thousands of care packages for deployed service members as well as make stuffed bears for the children of deployed service members in partnership with Operation Gratitude.

Ensuring a Best-in-Class Workplace

Our efforts to provide a best-in-class workplace are focused on attracting and retaining the talented colleagues at the heart of our company's success. This includes offering a benefits package that is comprehensive, competitive and customizable; programs and tools that improve financial, emotional and physical well-being; a culture that celebrates diverse experiences and backgrounds; and opportunities for all colleagues to grow their careers with CVS Health.

Championing Diversity

To build a better world, we are building a workforce that is representative of the communities we serve. Our senior leadership team champions a strategic diversity management model that is connected to every aspect of our business and includes workplace representation, colleague engagement, and forward-looking policies and programs. Helping share and execute this model is our Diversity Management Leadership Council (DMLC), a group of cross-functional senior leaders with oversight from our Board of Directors. The DMLC provides guidance on the tools and resources we use to equip colleagues to promote diversity across the company.

Diversity Networks for Professional and Personal Growth

Our 14 Colleague Resource Groups (CRGs) promote diversity across the company, facilitate communication with senior leaders, and help us solve business challenges. More than 10,000 colleagues across 45 states and Puerto Rico support their professional and personal growth through participation in a CRG, representing a wide variety of professional, cultural and personal interests. In 2018, 4 percent of our workforce participated in a CRG, up from 3.4 percent in 2017. Our goal is to increase participation to 10 percent of our workforce by 2025.

Each CRG is tasked with identifying challenges within our company and leveraging their unique perspectives to bring forward solutions.

Celebrating Religious Diversity

Embracing an interfaith/multi-faith approach, our FAITH CRG focuses on making all colleagues feel welcome by raising awareness of religious diversity. The FAITH CRG has reached a membership of more than 1,000 since its inception in 2015, in large part due to the group's quarterly webinars. These educate, equip and empower CVS Health colleagues on issues related to faith, religion and deeply held beliefs in the workplace and marketplace.

A FAITH CRG 2018 webinar, "December Dilemma: Managing the Challenges of the Holiday Season," brought together the FAITH CRG and our Merchandising Team to learn more about religious differences and the ways in which those differences often impact employee and customer relationships during the holiday season, both in stores and offices. Topics covered included holiday greetings, adjusting product offerings to be reflective of community cultural preferences and celebrations, dietary restrictions, holiday scheduling and respectful communication.

Standing with Our LGBTQ Colleagues and Communities

Our colleagues perform at their best when they can bring their whole selves to work and we commit to ensuring our workplace makes this possible. This is brought to life through our corporate policies, our PRIDE CRG, and the actions of our colleagues who believe deeply in equality for the Lesbian, Gay, Bisexual, Transsexual and Queer (LGBTQ) community.

We also believe that LGBTQ consumers and patients deserve to do business with companies that are inclusive and to have all of their healthcare needs met with respect, kindness and dignity. To ensure we provide the best possible experience for the LGBTQ community, in 2018, we re-communicated the Human Rights Campaign's Resource Guide for Pharmacists and Pharmacy Staff to our colleagues. This guide, along with a variety of internal training resources, such as "Understanding the T in LGBTQ," helps equip colleagues to offer LGBTQ-inclusive care and positive experiences for all customers and patients. Through inclusive care, we can more effectively fulfill our purpose to help people on their path to better health.

Walking With Pride

Our PRIDE CRG serves as a resource for LGBTQ-related issues for our company and communities. As a sponsor of the 2018 NYC Pride March, many CVS Health colleagues walked and volunteered. Recounting the event, Marco Benjamin, an HIV advocate who works with our HIV patients in New York, New Jersey and Pennsylvania, shared, "Many of my colleagues who are volunteering are from MinuteClinic and from our Specialty business in Fairfield, CT. The fact that most are not in the LGBTQ community but are here to support us is really amazing."

We received a number of third-party recognitions for our leadership in diversity and inclusion in 2018:

DiversityInc Top 50 Companies for Diversity
Named to this list for the second consecutive year, we climbed 10 spots in 2018 as a result of hiring and promoting more women and minorities into mid- and senior-level leadership roles, compared to other Top 50 companies.

Best Place to Work for Disability Inclusion
For the second consecutive year, we received a perfect score of 100 on the annual Disability Equality Index (DEI).

LatinaStyle 50 Report 2018
Included as part of annual Top 50 report which recognizes excellence in leadership programs, employee benefits, and Latina representation for Fortune 1000 companies.

DiversityInc #10 in Top Companies for Supplier Diversity
In recognition of our focus on expanding our engagement of minority- and women-owned businesses in our supply chain.

2018 Employer of the Year, Goodwill Industries of Greater New York and Northern New Jersey, Inc.
For sharing the vision of Goodwill NYNJ that all work environments be accessible, equitable and inclusive for individuals with disabilities.

Military Times Best Employers for Vets 2018
Recognized among Top 100 companies for culture, recruitment, and policies that serve veterans, service members, and military families.

2019 Bloomberg Gender-Equality Index (GEI)
A measure of gender equality across internal company statistics, employee policies, external community support, engagement and gender-conscious product offerings.

Human Rights Campaign Foundation's 2018 Corporate Equality Index (CEI)
Received a perfect score of 100 percent on the national benchmarking survey and report on corporate policies and practices related to LGBTQ workplace equality.

U.S. Veterans Magazine Best of the Best
Best of the Best companies offer employment, business, and supplier opportunities for veterans, transitioning service members, disabled veterans, spouses, and veteran business owners. CVS Health was recognized for both Top Veteran-Friendly Companies and Top Supplier Diversity Programs.

Speaking Our Patients' Language
We are making health care more accessible to Spanish-speaking communities by growing our bilingual workforce and offering products and services that take cultural differences into account.

Now in its second year, our Spanish immersion internship program requires pharmacy students to work at a CVS Pharmacy in a Spanish-speaking community. Interns have access to Rosetta Stone, the language learning program, and attend a virtual Spanish medical terminology course. Upon pharmacy degree completion, graduates of the program are placed in a CVS Pharmacy location in Florida, California, Texas or Puerto Rico.

The CVS Health Foundation provides scholarships to pharmacy, nurse practitioner and physician assistant schools across the country to support future health care workers. The funds are given directly to the qualified schools, which award a diverse group of students through their internal scholarship processes. At least 25 percent of the scholarships are provided by the schools to bilingual and diverse candidates.

Advancing Careers through Training and Development

We support all our colleagues with development opportunities that strengthen their skills, improve their performance and help them grow their careers with CVS Health. We consistently deliver innovative and technology-focused trainings, and in 2018, CVS Health colleagues participated in 14 unique career development and leadership training programs. This culture of learning starts on the first day of employment through a robust online orientation program that pairs new hires with seasoned colleagues. Additionally, we provide access to LEARNet, our online education portal that provides a tailored colleague curriculum as well as a skills enhancement library. In 2018, more than 20,000 colleagues completed skills enhancement courses, accessed e-books or completed video modules.

Developing Leaders from Within
Our training and development strategy emphasizes leadership training and readies colleagues to take on increasingly important roles while achieving our business objectives. In 2018, we experienced growth in our high-potential, first-level leader rotational program and also fulfilled our enrollment goals for our high-potential mid-level and senior leader programs. Our high-potential programs target colleagues that possess the innate skill sets and motivation necessary to position CVS Health for future growth.

We also grew participation in our foundational first-level leadership programs. We saw a 17 percent increase in classroom enrollment for our program, Foundations for Leading and Learning (FLL), and an average of 538 participants for the program's 10 virtual reinforcement workshops throughout the year. Leader Essentials (LE), the virtual counterpart to FLL for leaders who cannot attend in-person classrooms, grew by 35 percent in 2018. Each of the more than 450 colleagues who participated in LE completed nine hours of virtual classroom training, totaling more than 4,100 hours of development for the cohort. Both programs enhance the leadership proficiency of our first-level leaders, covering topics such as effective communication, setting expectations and coaching.

Since July 2016, 745 mid-level leaders have completed our foundational Transitions to Advanced Leadership (TAL) program, a collaboration with Duke Corporate Education, which provides targeted training to mid-level leaders to prepare for senior roles at the company. In 2018, 248 colleagues attended the classroom portion of the program, each dedicating 22 hours to development. Once TAL participants complete the classroom program, they have the option to take part in eight virtual workshops on additional leadership topics throughout the year. In 2018, these virtual classes averaged more than 100 participants per session. We will continue to grow this program to support all eligible mid-level leaders.

Growing Pharmacy Careers
Our 30,000 retail pharmacists serve as trusted, local community-based health care resources to millions of patients each day, making their continued growth critical to our success. In 2018, we launched a self-directed Pharmacy Emerging Leaders Program that provides skills-development opportunities and prepares emerging pharmacy leaders for promotion. There were 398 individuals who joined the program in 2018, and to-date, 217 pharmacists have been promoted to roles in pharmacy management following their participation in the program. In 2018, 955 incumbent pharmacy managers were also given the option to participate in additional self-development opportunities.

We also offer specialized training for our pharmacy technicians, who are often the first point of contact for our patients and central to delivering on pharmacy effectiveness. Our self-paced LearnRx Pharmacy Technician program takes a blended learning approach with didactic learning, classroom learning and on-the-job training with an internal coach. We had nearly 18,000 pharmacy technicians complete this program in 2018. Upon program completion, they continue working with their pharmacy managers to review assessment results and identify opportunities for continued skills development.

In addition, we are creating career path opportunities for colleagues already working in our retail stores. In 2018, nearly 5,000 colleagues were promoted from front store positions to pharmacy roles, with 20 percent of pharmacy technician roles sourced from front of store. Retail-to-pharmacy colleagues have experience in two store positions and can enable more flexibility in scheduling. By the end of 2018, we had more than 8,200 cross-trained colleagues, capable of working both front of store and in the pharmacy, who can be considered for permanent pharmacy roles as they become available.

Offering Innovative Training Programs

As health care innovators, we create training and development programs that are tailored to meet the unique needs of colleagues across our enterprise.

For MinuteClinic, in 2018 we made the training process for donor sample collection more consistent across our nearly 4,000 providers by revamping their shared website to provide learning on demand, easy-to-find information, and interactive and engaging training. These updates resulted in $130,000 in payroll savings and saved 2,600 hours spent on webinars each year.

To help grow internal talent, Omnicare piloted a virtual preparation course for pharmacy technicians to pass the Pharmacy Technician Certification Board (PTCB) exam, a requirement in many states that technicians must become nationally certified within a period of time post-hire. The program will ensure colleagues have access to a comprehensive library of online materials and instructor-led virtual training classes.

We are constantly evaluating new programs that can make colleague training more impactful and engaging. In 2017, we successfully tested an alternative training solution, a mobile platform that uses science to deliver personalized learnings based on the colleague's learning needs. Learning experiences last only a few minutes and are delivered daily, using spaced repetition to increase knowledge retention. In 2018, we expanded our pilot and deployed this innovation in more than 100 retail stores across Texas, South Carolina and Louisiana, with participation from around 1,900 colleagues. Content is focused on pharmacy services. Feedback from colleagues includes positive remarks around their engagement and improvement in learning. The results also showed that the training innovation stimulated social learning. We are pursuing opportunities to incorporate this innovation as a regular standard on how we train colleagues.

Helping Our Colleagues Give Back

Our colleagues play a meaningful role in advancing our purpose and delivering on our CSR commitments. In early 2019, we pledged a minimum of $10 million in value of volunteer time each year to building healthier, more sustainable communities. We support these efforts through a robust volunteer platform, where colleagues can identify volunteer opportunities and engage with local partner organizations to address unmet health and social needs.

In 2018, our colleagues invested more than $5.3 million in time, a 43 percent increase from $3.7 million in 2017. Our colleagues dedicate their time to supporting thousands of organizations in the communities we serve each year. In 2019, we expanded our colleague engagement program to offer new initiatives to colleagues that allow them to apply the skills developed through their professional careers to make a difference in their communities through a range of activities:

- Through CareerVillage.org, a crowdsourcing platform that provides personal career guidance to students at massive scale, our colleagues offer virtual career advice to underserved youth related to pharmacy education, medical issues, work-life balance and more.

Awards and Recognition

In 2018, *Chief Learning Officer* magazine recognized CVS Health as a LearningElite Silver Finalist for continuously improving learning and development for our organization and industry. Training Magazine listed us #27 on their Top 125 list, which celebrates organizations that champion training and employee development tied to corporate strategic goals and business impact.

THE CIVIC 50

Community Outreach

For the second year in a row, CVS Health has been named an honoree of The Civic 50 by Points of Light, the world's largest organization dedicated to volunteer service, for being one of the most community-minded companies in the United States. The Civic 50 provides a national standard for superior corporate citizenship and showcases how companies can use their time, skills and other resources to improve the quality of life in the communities where they do business.

- Our Nurses Board Service Program, facilitated by the Nurses on Boards Coalition, allows our MinuteClinic nurses to develop leadership skills and address the health priorities of the communities they serve.

- From advising on HR policies and labor practices to reviewing contracts and providing guidance on organizational governance, the CVS Health Legal team has a wide-range of specialized skills that provide support to nonprofit organizations. Our comprehensive legal pro-bono program includes resources and opportunity-matching assistance.

- Since 2005, our pharmacists have delivered presentations on the dangers of prescription opioid abuse to more than 400,000 teens and parents through our Pharmacists Teach program. Read more about this program in the Combating Prescription Drug Abuse section of this report on page 36.

Supporting Colleague Health and Well-Being

We offer a robust rewards package that attracts and retains one of the best workforces in the country. Our benefits and compensation packages take a holistic view of colleague health and are reflective of our commitment to making health care more affordable, accessible, simple and seamless.

Most notably in 2018, we:

- Invested tax savings created by the U.S. Tax Cuts and Jobs Act into wages and benefits improvements, totaling $425 million annually. With these savings, we did not increase insurance premiums, per-paycheck contributions, deductibles and out-of-pocket maximums for medical, dental and vision care for the 2018–2019 plan year to ensure access to affordable health care; launched our parental leave plan; and increased the starting wage rate for hourly colleagues to $11 an hour.

- Created a new paid parental leave program. The program, which went into effect April 1, 2018, is available to all full-time employees who welcome a new child into their home through birth or adoption. Colleagues can take up to four weeks away from work at once or in week-long increments at 100 percent of their pay to ensure the newest addition to their family gets off to a strong start in life. Since its inception, more than 4,000 colleagues have utilized this new benefit.

A Top Employer for Healthy Lifestyles

CVS Health was presented with a 2018 Best Employers for Healthy Lifestyles Gold award by the National Business Group on Health for having one of the best workforce health and well-being programs in the nation. The award, also bestowed upon Aetna in 2018, recognizes exceptional commitments to improving overall well-being, productivity, and quality of life for employees. Contributors include job satisfaction, community involvement, financial security, emotional and physical health, and social connectedness.

The Value of Parental Leave

When Emma Grace was born, her dad, CVS Pharmacy colleague Edwin Cruz, was there – that day and every day for the first four weeks of her life. "It was a blessing to be able to bond with Emma, and to be home to help Christy, my wife, and our three kids," shares Edwin, a store manager in New Orleans who took advantage of our parental leave policy in 2018. "I was surprised and so grateful when I heard about this option. It meant I could be with my family, and I didn't have to worry about finances. I'd never taken more than one week of vacation at a time. When you're a store manager, your store is your baby, too, and you never want to be away for long," says Edwin. "But, I was also worried about Christy managing everything. I'd seen her overwhelmed and sleep deprived when our other kids were born. It's a big job giving birth to a baby and running a family."

- Increased colleague retirement readiness by contributing to our 401(k) match each pay period versus quarterly. At the end of 2018, 45.5 percent of our colleagues were contributing annually to their 401(k) plans with their own savings, keeping us on track to achieve our target of increasing the average participation rate to half of all eligible colleagues by 2022.

- Supported colleagues in paying off student loan debt. Colleagues have refinanced more than 750 loans totaling more than $90.6 million in student loan debt, with our pharmacists having the highest rate of participation in the program as they tend to accrue high postsecondary education costs. The program has saved colleagues on average an estimated $24,000 in interest costs.

Prioritizing Colleague Safety

The health and safety of our colleagues is paramount for overall employee and company wellness. A strong safety program earns the trust of our colleagues and reduces risks and costs. In 2018, we focused on strengthening the mentoring and coaching skills of our business partners and field leaders to continue building upon our safety culture. We worked with internal subject matter experts to identify root causes and improve performance when workplace incidents occur. And, when an opportunity to improve worker safety was identified, we embraced it.

At our distribution centers, we amplified efforts to mitigate incidents and increase efficiencies. Our New Hire Safety Program offers additional training, a buddy system and supervisor check-ins, and has reduced new hire workplace incidents by 43 percent. In 2018, we began a new on-site education and service program through which select distribution center leaders and safety business partners collaborated to identify policies, procedures and processes that could improve their own operations. One participating distribution center reduced its incident rate to zero following the site visit and solution implementation.

Planning for the integration of Aetna into CVS Health in 2018 required thorough analysis of safety risks to ensure our robust safety culture will apply across our new company.

In 2018, we continued to move existing safety trainings and programs forward.

- We completed the implementation of retail step ladders to assist with activities such as stocking shelving units and decreased retail store colleague injuries by nearly 40 percent.
- Needle stick trainings and safer auto-retract injection systems have led to a 58 percent reduction in accidental needle sticks since program implementation in 2017.
- We conducted training on new workplace violence guidelines and we are working to make these trainings available in Spanish.

In 2018, we had zero high gravity citations. Our recorded incident rate for 2018 was 3.39, an 11 percent reduction over our 2017 incident rate and 12 percent lower than the industry retail store standard. Our accident frequency rate in distribution centers was 4.79, down 10 percent over 2017 and 10 percent lower than industry distribution center standard. Our occupational illness frequency rate for employees in 2018 was 3.26. CVS Health follows the U.S. Occupational Safety and Health Administration (OHSA) guidelines on recordable accident injuries and illnesses; incident rates account for claims requiring medical attention.

The safety management program utilizes the ANSI z-10 as a guide to meeting business needs and requirements, and it incorporates OSHA, department of health, fire codes and life safety codes to assure compliance with regulatory agencies and promote colleague safety.

Colleague Safety Program

Omnicare has made great strides integrating a colleague safety program that includes new safety colleague on-boarding training, monthly director calls, and quarterly safety coordinator calls to address exposure/loss trends and solutions.

Safety Beyond the Workplace

Our Family Matters CRG empowers colleagues to become informed, successful and engaged in the workplace with support and resources that promote the growth and development of healthy families. In June 2018, we hosted several family safety programs that focused on home emergency safety (e.g., fires and severe weather), including having an evacuation plan with a designated place to meet if separated during exit.

Continuing Our Best-in-Class Governance

CVS Health upholds best-in-class corporate governance practices. We achieve our long-term financial and strategic objectives by conducting business transparently and with integrity. Our strong leadership team and Board of Directors are poised to guide our new company forward. Under their leadership, we maintain the highest level of performance in areas of great importance to our corporate reputation including compliance, privacy, information security, public policy and supply chain responsibility.

Our Board of Directors guides our policies and practices. They work closely with our senior leaders to ensure we operate responsibly and deliver on our purpose while executing our business strategy. We enhanced our Board of Directors to include deep insurance company oversight experience through the addition of four new directors from Aetna. We also established an Investment and Finance Committee to oversee the company's capital allocation and investments. The renamed Medical Affairs Committee (previously called Patient Safety and Clinical Quality) will take on a broader scope of responsibilities to advance accessible, affordable and quality health care, patient safety and experience, and patient safety, including matters related to opioid safety. Our Corporate Governance Guidelines provide the framework for effective governance, outline performance expectations of our Board of Directors and management and promote the interest of our shareholders.

We proactively address the needs of our shareholders through regular engagement. In 2018, we conducted shareholder engagement meetings during the fall off-season, and also engaged with shareholders that proposed resolutions for inclusion in our proxy statement.

Helping Reshape Public Policy

We leverage our unique expertise to advance public policy and legislation to build healthier communities by addressing health costs, quality and access. We work with federal and state policymakers, industry peers, the business community and nonprofit and civic partners to ensure people get the right care at the right time, in the right setting.

We recognize the importance of political disclosure and accountability and continue to rank in the highest tier within these categories by the CPA-Zicklin Index, with a score of 91.4 percent in 2018. This annual, non-partisan study is used as a resource for shareholders, journalists, academics, business leaders and others seeking to understand which public companies lead in transparency and accountability.

A major focus of our public policy work in 2018 focused on engaging policymakers around the important role of the PBM in controlling drug costs. We advocate for many solutions that could be easily implemented within the existing statutory and regulatory framework to reduce overall prescription drug costs in the system and for patients, while also increasing medication adherence. When medications are affordable, patients are more successful adhering to their medical regimen, which leads to improved overall health and lower costs.

By lending our voice to policy conversations on drug pricing, we hope others will work with us to put patients first.

Advancing legislation that addresses the opioid crisis is another area where we leverage our expertise to make a difference in our communities. Across the country, we're collaborating with community leaders, policymakers, law enforcement, health care professionals and many others to expand opioid education, encourage safe prescription drug disposal and advocate for new policies that tackle this public health challenge. Learn more about our work in this area in the Combating Prescription Drug Abuse section of this report on page 36.

Safeguarding Information and Protecting Privacy

We safeguard the invaluable information of our patients, customers and colleagues through increasingly sophisticated systems and the dedicated work of our Privacy and Information Security teams to identify and mitigate risk.

In 2018, we maintained and renewed our independent certification of essential security practices and completed audits of our Information Security controls in accordance with guidelines established by the American Institute of Certified Public Accountants (AICPA).

Our Information Security organization continues to:

- Maintain focus on identifying and thwarting attempts to socially engineer colleagues by deploying regular education and simulations to the workforce, aiding their abilities to detect fraudulent and potentially malicious electronic communication and transactions.
- Deliver continuous monitoring services through the Security Operations Center and actively participate in the Health Information Sharing and Analysis Center.
- Deploy next generation technology designed to detect and prevent malicious compromises of CVS Health systems and information assets.

In 2018, our privacy team:

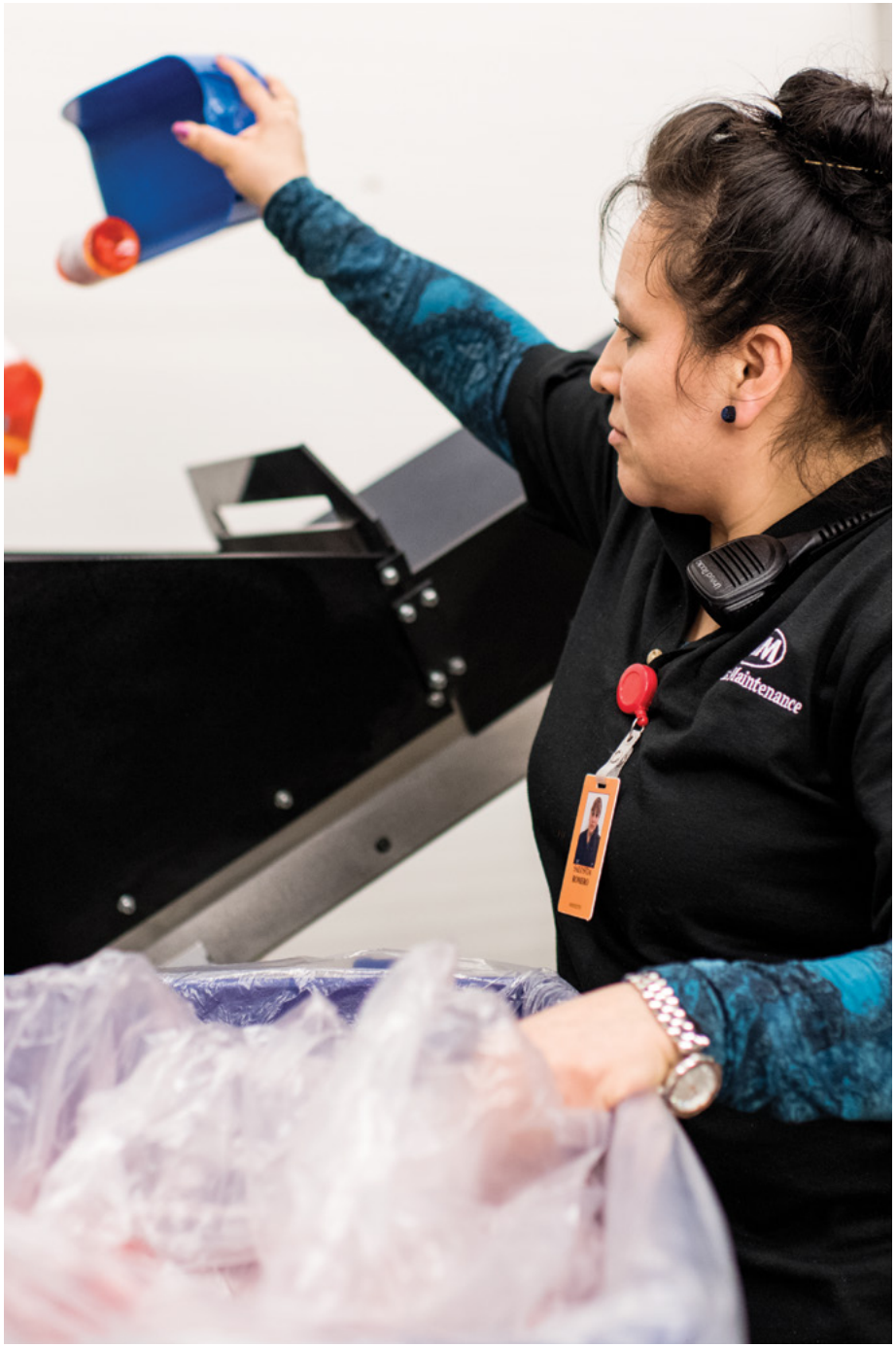
- Prepared the company to meet the EU General Data Protection Regulation (GDPR), a set of rules that give individuals more control over their personal data.
- Received third-party validation that our organization aligns with SOC 2's (Service Organization Controls for Service Organizations) five trust principles and criteria for professional assurance services. Alignment gives our business partners the confirmation and confidence that our privacy measures meet established standards.
- Implemented new trainings and procedures for physical mailings to remove reference codes from envelopes.
- Invested in a new compliance tool to identify trigger points for sensitive information. This helps address legal requirements and assess patterns related to privacy incidents across the company.

Promoting a Strong Culture of Compliance

Our commitment to compliance starts at the top. Our Chief Executive Officer and Board of Directors have established an enterprise-wide culture that promotes the importance of compliance.

Our compliance program incorporates the seven elements of an effective compliance program as outlined in the Federal Sentencing Guidelines and generally applies to all colleagues, vendors and the Board of Directors.

This strong culture of compliance is reflected in the completion rate of our annual Code of Conduct training. In 2018, 99.9 percent of our colleagues completed this training. Additionally, in 2018 we benchmarked our Code of Conduct against peer competitors and other healthcare companies to ensure our Code of Conduct remains practical and relevant.



Compliance training remains a focus at CVS Health. In 2018, we continued to enhance course designs that streamlined content and provided the most timely and relevant training materials to our colleagues.

Colleagues, business partners, patients and anyone else with concerns about our company can call our anonymous and confidential Ethics Line. Each call to our Ethics Line is investigated and the company promptly addresses any potential compliance issues.

Responsibly Managing Our Supply Chain

As one of the nation's largest companies, our supply chain has the power to generate positive economic and social impacts around the globe. In the U.S., we are committed to investing in diverse suppliers in our local communities and have built a leading supplier diversity program to support that effort. Around the world, we work to ensure that every person who participates in our supply chain is treated with the dignity and respect they deserve.

We believe that responsibly managing our supply chain contributes to our ability to provide quality, safe products and services that contribute to people's health and well-being. In early 2019, we introduced our Responsible Sourcing Standard, developed in collaboration with Business for Social Responsibility (BSR), which establishes expectations for all CVS Health suppliers in the areas of ethics and governance, environmental and social impacts and management and transparency.

Generating Economic Impact with Suppliers

Diverse suppliers help us add distinctive goods, services and capabilities to our business offerings and create a competitive advantage. Our Supplier Diversity team partners with our business leaders to integrate supplier diversity into procurement activities, and with national organizations to identify and develop diverse businesses. We are proud to have one of the leading supplier diversity programs in the country.

By the end of 2018, we had exceeded our 2020 Tier I spending target, having spent $1.6 billion with diverse Tier I suppliers. We also increased our spend with diverse Tier II suppliers to $746 million and remain on track to achieve our 2020 goal of $1 billion. We increased our spend in 2018 by supporting diverse- and women-owned suppliers through their certification process and expanding our use of diverse-owned pharmacies. In total, we partnered with businesses through our diverse supplier program to drive a total economic impact of $5.8 billion and support more than 38,000 jobs and more than $532 million in wages across the country.

In 2018, CVS Health conducted more than 1,000 audits in approximately 40 countries through our Ethical Sourcing & Customs Trade Partnership Against Terrorism Program (CTPAT).

Acting as a Convener
Bringing diverse voices to the table for dialogue and collaboration makes us a better company and is a key tenet of our approach to problem-solving. In March 2018, CVS Health hosted the Supplier Diversity 2020 Ideation Session to identify new ways to achieve our 2020 spending targets. The session served as a venue to hear from internal and external voices with diverse perspectives. Attendees included CVS Health business line leaders, strategic partners, existing and potential diverse suppliers and representatives from national minority councils.

We were also proud to host more than 300 participants at the 2018 Billion Dollar Roundtable Summit and induction ceremony. The Billion Dollar Roundtable is an organization that recognizes and celebrates companies that achieve spending of at least $1 billion with certified diverse suppliers, primarily minority- or woman-owned. The event brought together leaders from 29 Billion Dollar Roundtable companies, academics, government officials and diverse suppliers to share best practices, opportunities and strategies to continue to grow supplier diversity programs. CVS Health President and Chief Executive Officer Larry Merlo and Vice President of Workforce Strategies and Chief Diversity Officer David Casey led a fireside chat to discuss how strategic diversity management helps companies drive business growth, deepen relationships with customers and build an inclusive workplace.

Supporting Human Rights
Respecting and supporting internationally recognized human rights policies and preventing adverse impacts in our direct operations is a responsibility we take seriously. Our Human Rights Policy, published in 2016, outlines our commitment to respecting and supporting these rights, including basic labor principles, and incorporates our company, subsidiaries and supply chain business partners. By end of 2018, 99.9 percent of colleagues had reviewed and acknowledged the policy, a target we met one year ahead of schedule. Colleagues will review and acknowledge the policy annually.

In 2018, CVS Health conducted more than 1,000 audits in approximately 40 countries through our Ethical Sourcing & Customs Trade Partnership Against Terrorism Program (CTPAT), which monitors supplier compliance with social, legal and trade security standards. Our audit service providers identified four zero-tolerance issues. Non-compliance findings identified during the audit result in immediate cancellation of outstanding purchase orders and one year of factory probation.

We are also proud to announce that we have recently joined the Responsible Business Alliance's (RBA) Responsible Factory Initiative (RFI). As part of CVS Health's Ethical Sourcing and CTPAT program, our suppliers and factories have been invited to leverage the toolsets developed by the RBA to support factory continuous improvement. The online classes, offered in multiple languages, will help our suppliers and factories address several findings from their audits and facilitate the implementation of more robust internal management systems. This program offers on-demand training for some of the most critical risks in supply chain manufacturing including (but not limited to): health and safety, chemical management, environmental sustainability, recognizing forced labor and corrective action planning.

2018 Ruby Award Winners

The Ruby Award Star of the Year Winners are suppliers who have demonstrated exemplary performance, industry leadership, business success, economic impact, community involvement and strong commitment to CVS Health's mission and values. In 2018, we recognized NEI Global Relocation, a Women's Business Enterprise, which delivers world class relocation management and consulting services, and Hammons Paper Group, a Minority Business Enterprise and wholesaler of printing and writing paper.

Protecting Our Planet

Protecting Our Planet

Protecting our planet is imperative to delivering on our purpose of helping people on their path to better health. Climate change is affecting global health, and we believe we can play a meaningful role in helping to reverse its devastating effects. The latest findings from the Intergovernmental Panel on Climate Change (IPCC) make it clear that bold action is needed today.

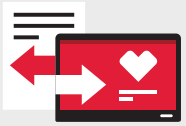
We are committed to doing our part, not only because it's our role as a leader in health care, but because doing so also makes us a more innovative organization, and inspires confidence from our investors, colleagues, partners and customers.

Year after year, we build on the progress we've made to run our business more efficiently, provide consumers with more sustainable product offerings and ensure a responsible supply chain. In 2018, we strengthened our leadership on sustainability issues through continued collaboration with a multitude of partners and experts.

Our Top Accomplishments in 2018

Established science-based emissions reduction targets

Removed oxybenzone and octinoxate from our store brand sunscreens with SPF 50 and lower



Recognized among the top 3% of 5,000 companies as a CDP Supplier Engagement Leader

Engaging Internal and External Stakeholders

We advance our sustainability strategy through engagement with our colleagues, business partners, customers, suppliers and industry subject matter experts. We identify ways to collaborate with like-minded organizations on pressing sustainability issues and welcome opportunities to share our perspective with others. We also listen closely to these stakeholders to understand their expectations and ensure they're informed of our work to tackle big environmental challenges such as addressing climate change impacts, removing chemicals of concern from our products and ensuring a responsible supply chain.

Our colleagues care deeply about the health of the planet and support our sustainability efforts through volunteerism and every day actions to embed sustainability at home and at work. Their passion to create a healthier, more sustainable planet, along with their insights and ideas, have helped ignite some of our key initiatives. Our GreenTeam Colleague Resource Group (CRG) promotes awareness, provides education and works to make environmental sustainability a relevant part of every colleague's role and responsibility. Today, the GreenTeam has more than 1,000 members across the country, a 45 percent increase over 2017, and continues to grow.

GreenTeam Initiatives

Throughout April 2018, the GreenTeam celebrated Earth Month by engaging its membership in a variety of environmental sustainability events. They hosted webinars with leading industry partners like Ocean Conservancy and the Sustainable Packaging Coalition to educate colleagues on approaches to sustainable living, shared environmental stories and tips across our internal communications channels and hosted volunteer cleanup events in communities across the country.

CVS Health is a proud partner of Ocean Conservancy and is a member of the Trash Free Seas Alliance. Through our partnership and colleague participation in the International Coastal Cleanup, we have helped remove more than 2 million pieces of tobacco-related trash from coastlines in 2018. Cigarettes butts are the most commonly found items littering our shorelines, and hundreds of CVS Health colleagues across the country joined cleanup events in their local communities to support these efforts.

To inspire our colleagues to make more sustainable choices on a daily basis, we established a 2020 target for colleagues to log 10,000 green actions on our online volunteer portal, CVS Health Community Crew. Green actions, such as recycling at home, turning off water while brushing teeth or switching to online bill pay, reduce personal environmental impacts. Since establishing this target, colleagues have logged more than 6,000 green actions in Community Crew. Collectively, colleague green actions have saved 3 million gallons of water, avoided 224,000 metric tons of carbon emissions, saved 225,000 kilowatts of energy and avoided 45,000 pounds of waste.

Collaboration with external stakeholders and experts strengthens our sustainability commitments.

In 2018, we:

- Sought counsel while preparing our climate science-based target for approval by the Science Based Targets initiative (SBTi), including from suppliers, agency partners and industry leaders like BSR, CDP and the World Resources Institute.
- Continued our work to reduce chemicals of consumer concern through ongoing collaboration with The Safer Chemicals, Healthy Families coalition and its Mind the Store campaign. We scored a B+ in 2018 on their annual report card, the sixth highest score of the 40 retailers evaluated.
- Collaborated with the Environmental Protection Agency on regulatory requirements for the disposal of pharmaceutical waste, which bans the use of sewers or landfills and codifies the standards for reverse distribution.
- Partnered with DOVE Chocolate and Mars, Inc. for the third consecutive year to support the livelihoods of female cocoa farmers and promote sustainable cocoa farming. From July 22 to August 18, we donated $1 to international humanitarian organization CARE for every purchase of specially marked DOVE Chocolate PROMISES at CVS Pharmacy locations.
- Were recognized as a CDP Supplier Engagement Leader for managing our climate emissions and engaging our suppliers to help address climate change impacts. Of the 5,000 companies that participated in the CDP's supply chain program, CVS Health was among the 3 percent awarded a leadership position on the organization's Supplier Engagement Rating leader board.

Partnering with Our Suppliers

In 2016, we introduced our supplier award for sustainability and social responsibility to recognize our suppliers' efforts across our three key CSR pillars as well as their partnership with us on advancing our priorities.

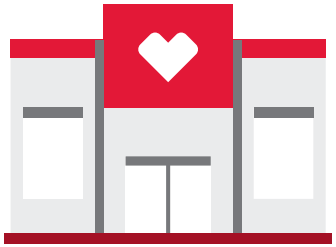
In 2018, we honored Mars, Inc. for their efforts as a leader through innovative partnerships with CVS Health, including collaborating with us on three in-store cause marketing campaigns which delivered nearly $500,000 to important charitable causes. They also actively promoted our partnerships through social media and advertising. Mars, Inc. also collaborated with us to provide support to the CVS Health Employee Relief Fund (ERF), a charity that provides grants to CVS Health colleagues in times of hardship.

Sustainable Operations

We continue to implement new technologies and operational practices to minimize our environmental footprint and contribute to healthier, more sustainable communities. With more than 9,900 retail locations, 22 distribution centers, numerous field offices, and a fleet of 2,500 delivery vehicles, we aim to drive efficiency across all aspects of our business – reducing our carbon footprint, energy usage, water consumption and waste.

Sustainability Highlights

1,740
retail locations with interior LED lighting



$1.7M
in utility rebate incentives for replacement of rooftop HVAC units

2.5M
less empty miles by 2023 compared to 2018

Ensuring Risk Resiliency

Our Enterprise Response and Resiliency program identifies and evaluates risk related to our company's physical assets, operations and colleagues, 24 hours a day, seven days a week. These risks include severe weather events, such as hurricanes, flooding, and wildfires, as well as other human-caused and technological risks to the enterprise. The program has enhanced our ability to monitor and respond to the increased number of weather-related events, helping us mitigate some of our climate risks.

In 2018, we established a newly designed 24/7 Operations Center to monitor threats and risk events; coordinate incident response across the company; and support our emergency hotline for colleagues and field leaders to report emergencies, incidents or risk events. The Operations Center provided coordination and situational awareness to support our colleagues and customers facing earthquakes in Hawaii and Alaska; hurricanes and tropical cyclones in the Mid-Atlantic, Southeast and Pacific; wildfires and mudslides in California; a volcano eruption in Hawaii; and winter storms across multiple regions, among other events.

Reducing Greenhouse Gas Emissions

We embrace climate science in determining how best to manage our supply chain impacts. In 2018, we were proud to establish science-based greenhouse gas (GHG) reduction targets that have been approved by SBTi, the leading organization in driving corporate climate action:

- By 2030, we will reduce our absolute scope 1 and 2 GHG emissions 36 percent from a 2010 base year.
- By 2023, we will ensure that 70 percent of our suppliers by emissions establish their own science-based reduction targets for their scope 1 and 2 emissions.

The key driver of our success in establishing science-based targets was our company's purpose: helping people on their path to better health. We built the business case for this work by demonstrating why it was critical to CVS Health's ability to support the health of the people and communities we serve.

Robust and thoughtful engagement with our supplier partners – particularly in our pharmacy supply chain – was also central to our success. We developed a strong understanding of where our supplier partners were in their climate action journeys, worked with internal business leaders to engage them, and offered our own resources to support them in joining us.

Leveraging the expertise of external partners, including CDP and SBTi, provided invaluable insight throughout our process. We have continued to share our key learnings with others so we may all work toward a common goal of corporate leadership on climate action.

We also continued to reduce our GHG emissions in 2018, achieving a 34 percent reduction in carbon intensity against a 2010 baseline, a 4 percent improvement over 2017 despite a 1 percent increase in our retail square footage. Additionally, we saw an absolute emissions reduction of 29 percent of scope 1 and 2 emissions based on a 2010 baseline which means we are on track for our SBT goal of a 36 percent absolute emissions reduction by 2030. We achieved these reductions through store efficiencies and by mandating sustainability requirements in new construction. We have implemented ongoing tracking and measurement practices to capture 2019 progress against our new targets, which will be reported in 2020.

With the addition of Aetna and our newly established science-based target, we are reviewing expanded opportunities for renewable and alternative energy strategies for the

short-term and long-term. Aetna currently leverages four solar farms located in Connecticut and Arizona, and has in place a purchase program for US Wind eRECs.

Electricity

Electricity accounts for approximately 80 percent of our carbon footprint. In 2018, we used 2.6 million megawatt hours (MWh) of electricity, a 4 percent reduction from 2017, a result of our continued LED lighting conversion strategy and efforts to reduce energy use in retail locations. Due to extremely cold weather in many of our locations, our natural gas use increased in 2018 by 16 percent.

One of the strategies we have implemented to reduce our total energy use is the installation of LED lighting across our retail stores and other facilities. In 2018, we:

- Retrofitted 1,740 retail locations with interior LED lighting, which reduced consumption by 75,000 megawatt hours (MWh) for estimated savings of $7.5 million in annual energy costs. By 2021, we plan to have completed installation of LED interior lights across all of our retail stores.

- In 2018, we began retrofitting LED exterior lighting across our retail locations and completed 449 upgrades, reducing consumption by 6,000 MWh for an estimated annual energy savings of $600,000. Our new building standards dictate that LED lighting be installed in the interior and exterior areas of all new stores.

- Extended our reach beyond retail in 2018 to office campuses and other facilities. In 2019, we plan to reach more non-retail locations, including administrative and production areas, for a true, enterprise-wide approach to lighting energy-use reductions.

Through our Energy Management System (EMS), used across 95 percent of our retail stores, we increased energy efficiency by controlling lighting, heating ventilation and air conditioning (HVAC) from a central hub. The non-EMS controlled locations use efficient, stand-alone temperature and lighting controls.

We also enhanced our controls in 2018 to sync lighting with operating hours through alarm systems at 500 locations across Connecticut, Massachusetts, Pennsylvania and Rhode Island. This change, which supports operational needs and implements best practices for energy efficiency, reduced consumption by 2,000 MWh for an estimated annual energy savings of $300,000. We plan to implement the enhancements in 1,000 more stores in 2019.

Our new building standards dictate that HVAC units installed in new buildings and end-of-life units replaced in existing buildings meet the latest energy efficiency ratio (EER) and seasonal energy efficiency ratio (SEER) as recommended by the U.S. Department of Energy. This update provides 12–15 percent annual energy savings compared to previous HVAC standards. The outcome of these savings will be evaluated in 2019.

Additional energy efficiency measures taken in 2018 included:

- Integration of white reflective roofs into new and existing stores to reduce internal and external building temperatures.

- Proactive replacement of 259 rooftop HVAC units in Illinois stores, yielding $1.7 million in utility rebate incentives and a 2,000 MWh reduction in energy consumption for $200,000 in energy savings.

- Opened 11 smaller-footprint stores to capture energy savings. Our 9,000-square-foot stores require less land, materials and resources than our standard 12,900-square-foot stores, and use an average of 25 percent less energy. In 2018, we saved more than $3.7 million in construction costs using these prototypes. We plan to open 18 9,000-square-foot stores in 2019.

- Incorporated design and construction elements from our 14 Leadership in Energy and Environmental Design (LEED)-certified buildings as we build new stores and facilities. These elements include water and energy efficiency features and sustainable materials. Our store in Falls Church, VA received silver certification in 2018 and two additional stores are pending LEED certification.

Transportation

We continually seek innovative ways for our fleet to use less fuel and reduce air pollution. Although we have had a backhaul program for many years, we put a greater focus on the program with a targeted pilot in late 2016, and ramped up to full-scale support by 2018. The program puts more freight in trucks during return trips to our distribution centers, reducing empty miles driven. Expanding beyond traditional backhaul, we also act as a common carrier for other companies or make additional pickups on inbound trips to distribution centers. Not only do these strategies improve fleet efficiency, we are already seeing a reduction in empty miles as a result and have developed a new CSR performance target to build on the progress:

- By 2023, our fleet will reduce empty miles by 2.5 million, compared to a 2018 baseline.

Our total fuel consumption in 2018 was 11.4 million gallons, including deliveries, corporate vehicle travel, personal car travel, and rental cars. Other key achievements to improve fleet efficiency in 2018 include:

- Reducing drivers' idle-time to under 5 percent, saving 30,000 gallons of fuel and more than $100,000 annually. Idle-time reduction tactics include turning off engines during deliveries and long stops. Savings in 2018 represent a 78 percent reduction in idling time compared to 2016 and equate to total savings of $210,000.

- The opening of our new retail distribution center in Kansas City, MO cuts our fleet time on the road. The 762,000-square-foot LEED-certified distribution center supports the service and fulfillment needs of more than 500 CVS Pharmacy locations throughout the Midwest. Smartly positioned, the facility reduced driving distance for deliveries, resulting in significantly reduced carbon emissions and improved highway safety. The new center has also added more than 350 jobs to the Kansas City area, and dozens of additional jobs through work with local businesses.

In 2019, we will implement enhanced routing optimization software to continue to drive our performance in reducing miles driven and fuel consumed. For the ninth year in a row, our company-owned fleet continued to be an EPA SmartWay Carrier Partner, receiving the highest carrier rating of Level 1 for emissions control. We have also been a SmartWay Shipping Partner since 2012.

Reducing Water Consumption

Access to water is critical to the health of our communities. Though our operational water use is not intensive, we use an enterprise-wide water management strategy to provide each site with tailored guidance to reduce consumption.

In 2018, our water usage per square foot of retail space decreased by 3 percent, and our total water use increased by 4 percent from 2017 due to an increase in our store footprint. Through water efficiency measures, total water use per square foot has decreased 31 percent from the 2010 baseline.

For new construction in retail operations, we set a target to reduce water use by 20 percent by 2020. We achieved this goal in our standard prototype stores by the efficient use of irrigation systems and the management of drought resistant plantings. We continue to implement these best practices and evaluate opportunities with our landscape plans.

Minimizing Waste and Increasing Recycling

We are committed to minimizing our waste and increasing opportunities for recycling to lessen environmental impacts, reduce costs, and support regulatory standards. In 2018, we diverted 55 percent of our waste to recycling, with 86 percent of the solid waste generated at our distribution centers diverted for recycling.

In September of 2018, we launched a first-of-its-kind program to address a new California law that prohibits retailers from sending organic waste to landfill. With support from a third-party partner, we developed an innovative solution for managing excess food products in our stores to prevent them from becoming waste. Inventory scanning technology in our stores identifies excess, seasonal or nearly expired food and directs CVS Pharmacy colleagues to place the items in a designated tote which is transported back to our distribution centers and then to third-party facilities. There, inedible organic waste is processed to create renewable energy and organic fertilizer, while quality organics are donated to local charities and food banks – a win for the planet and community health.

In the first four months of this program pilot, we donated more than 650,000 units of organic products and recycled more than 230,000 units. The program is now live in all retail stores in California and the value of the product donated in 2018 is estimated to be $2.1 million. We continue to evaluate this program with the goal to extend it beyond California in the future.

Efficiency Efforts

Efficient systems can have significant environmental benefits and drive down distribution center operational costs. In 2018, we introduced a logistical efficiency measure to our process for pulling items from inventory to fulfill an order at our distribution centers. Our new iPad-to-cart process eliminates the use of paper tickets, while increasing efficiency and accuracy of the products pulled. The new process will be implemented across all distribution centers later this year.

Reuse and Recycle Program

We participate in the Lexmark Cartridge Collection Program, which recovers millions of printer cartridges each year to be reused or recycled. In 2018, CVS Health collected 229,010 cartridges, which equates to 954,700 pounds of material. The collection created a savings of 950 tons of CO2 equivalent, or 98,523 gallons of gasoline use avoided. Of the units collected, 65.3 percent were reused and 34.64 percent recycled.

Our cross-functional waste minimization committee introduced new approaches to reduce targeted waste streams in our retail stores in 2018. These efforts build on previously identified waste minimization strategies, such as optimizing the number of SKUs available for sale and modifying the timing of restocking shelves to lessen product expirations in the targeted category by 25 percent.

In 2017, we completed the implementation of a container optimization program for our regulated waste program in our retail stores. From 2017 to 2018, we realized a reduction of over seven tons of cardboard and achieved considerable cost savings.

Sustainable Paper Solutions

We are committed to embedding sustainability into our sourcing practices and have made significant advancements in our procurement of paper products. In 2018, we used approximately 54,500 tons of paper in our business operations for routine outputs such as receipts, mailers, fliers, and internal documents, a reduction of nearly 9,000 tons over 2017.

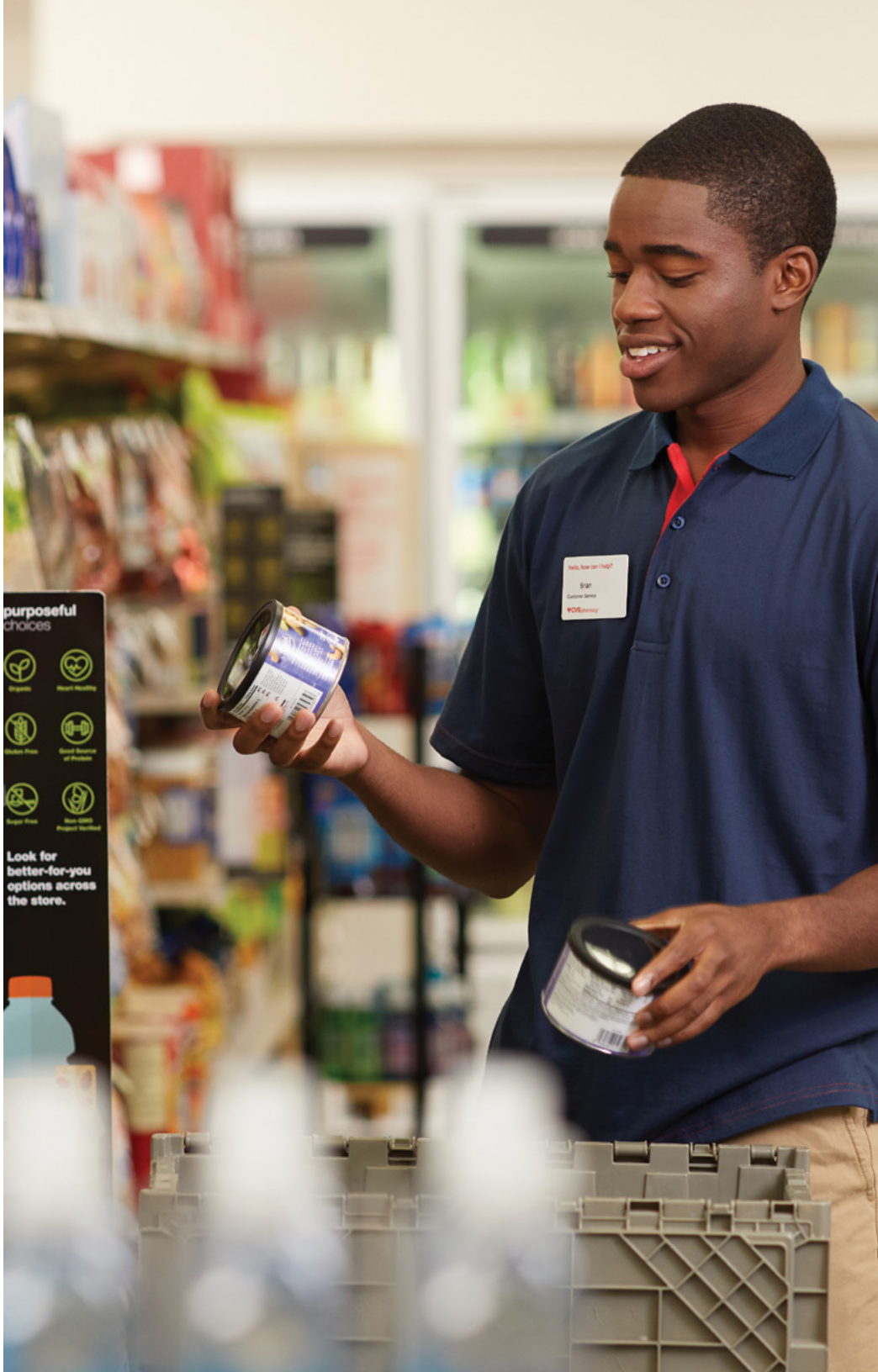
Our digital receipt program continues to be a successful initiative that both saves paper and engages our customers in our sustainability efforts. By the end of 2018, 5 million CVS Pharmacy customers had enrolled in the program. We sent more than 99 million digital receipts in 2018, which equates to more than 115 million yards of receipt paper saved. In addition, by using digital communications with our PBM/ Medicare members, we saved nearly $3 million in paper expenses.

We have also scaled back consumer product circulars and other paper-based marketing and are working to include at least 10 percent post-consumer recycled content in all of the paper we use for direct mail by 2021. In 2018, 6 percent of our direct mail contained recycled content.

In addition to reducing overall paper usage, we aim to responsibly source paper and use stock composed of recycled content. In 2018, 96 percent of the paper our company used was sustainably sourced, and 56 percent of our paper stock was Forest Stewardship Council (FSC) certified. This shift to FSC-certified paper enabled us to use 3,600 U.S. tons less paper–a difference of 22,000 trees.

Sustainable Products and Packaging

Our commitment to a healthy planet extends into our stores and the homes of our consumers. From beauty and personal care products to food and beverage items, we're dedicated to taking a holistic approach to health. This includes offering products and packaging that consider environmental impacts and are free from unwanted ingredients.



Removing Chemicals of Concern

Our consumers offer us valuable feedback about our products, highlighting their own desire to protect the health of their families and the planet. In 2017, after asking consumers for feedback, we began removing parabens, phthalates, and the most prevalent formaldehyde donors across nearly 600 beauty and personal care products from our CVS Health, Beauty 360®, Essence of Beauty® and Blade® store brands. More than 75 percent of these 600 products will be reformulated by the first quarter of 2019 and the remaining 25 percent will be reformulated by the end of the year.

In addition to these efforts, we continue to update our publicly available restricted substances list by category and educate our suppliers on our updated policy and screening process. Information about our restricted substances list has been added to our Store Brands Quality Assurance Agreement, which requires adherence from suppliers. We employ technological tools, including WERCSmart, to help ensure supplier compliance with our policies. WERCSmart captures supplier ingredient information for all chemical-based products, helping us screen for restricted chemicals.

In 2018, we also increased the number of free-from products we offer, with nearly 150 items that are free from dyes, alcohol, artificial flavors or preservatives. And in 2019, we will expand our Earth Essentials® line of products, which include sustainability attributes such as hypoallergenic and the use of plant-based ingredients, to include dryer sheets and multi-purpose disinfectant spray.

In addition to our chemical management programs, we work to stay ahead of mandated timelines for regulatory requirements. In 2018, we began removing oxybenzone and octinoxate from our store brand sun screens with SPF 50 and lower, and these products will be reformulated by the end of 2019. Hawaii was the first U.S. state to pass a bill banning the distribution of sunscreens that contain the chemicals due to concern for their impact on marine environments and residing ecosystems. Key West, FL voted in early 2019 to ban the sale of sunscreen containing the same chemicals, concerned about impacts to the Florida Keys' barrier reef ecosystem.

Responsibly Sourcing Palm Oil

In addition to removing chemicals of concern, we are dedicated to ensuring palm oil is sourced responsibly to help alleviate the impacts palm oil production can have on tropical forests, which offer invaluable social and environmental benefits. We have committed that 100 percent of the palm oil sourced for our store brand products will come from verified, responsible sources delivered through fully traceable supply chains by 2020. Through this commitment, we require our suppliers to adhere to the Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria on palm oil and palm oil derivative sourcing or the Rainforest Alliance Chain of Custody. Our store brand suppliers have been informed of our new policy and were required to sign agreements that they will follow it. By the end of 2018, 97 percent of our store brand suppliers had become members of RSPO or obtained Rainforest Alliance certification.

Suppliers of new store brand items containing palm oil are required to demonstrate proof of required certification, and all store brand suppliers must disclose if their products contain palm oil. We screen products for palm oil with WERCSmart and PurView, our supply chain compliance tools.

By the end of 2019, we aim for all suppliers of existing store brand products to have proven they have moved to sustainable sources or reformulated their products. We have identified 24 store brand products that still contain non-sustainably sourced palm oil, and are working with these product suppliers toward product adherence by 2020.

Promoting Sustainable Packaging

As a nationwide retailer and member of the Sustainable Packaging Coalition and Ocean Conservancy, we are committed to making responsible packaging decisions to protect our planet and meet the needs of our customers.

In 2018, we completed an audit of the more than 500 printers that produce packaging for our store brands portfolio to understand their current sustainability capabilities. Through the research, we gathered metrics related to printer use of recycled paper, plastic and metal, as well as the use of vegetable and heavy metal-free inks.

Based on the research, in 2019 we will be developing our criteria for CVS Pharmacy store brand printed packaging to create more sustainable packaging for our products.

About This Report

CVS Health's 2018 Corporate Social Responsibility (CSR) Report provides an overview of our company's environmental, social and governance commitments, as well as progress against our CSR-related goals and targets. We are committed to reporting on our CSR performance annually, and this report follows our 2017 CSR Report.

Boundary and Scope

Consistent with previous reports, the boundaries for this report extend to all United States (U.S.) company owned and/or operated facilities, administrative offices and retail pharmacies for the corporate enterprise. Company operations outside the U.S. represent less than 1 percent of the total enterprise and are not covered in this report. Data contained in this report covers activities that occurred in fiscal year 2018 (January 1 – December 31, 2018), unless otherwise noted. Data in this report does not include the operations of Aetna. Aetna will be included within the boundaries of our 2019 Report.

Content and CSR Materiality

In 2017, we conducted a materiality assessment in accordance with the GRI Standards' guidance for defining material topics. The material topics inform the content of our reporting and CSR strategy. For additional detail, please see CSR Material Topics.

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 ending December 31, 2018. 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 principal functional areas within the company. This report has not been externally assured or verified by an independent third party. CVS Health carbon footprint data from 2016 – 2017 has been externally assured. Data from 2018 will be reviewed for external assurance in the coming months by an external third-party and/or 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) Standards. More information on GRI is available at www.globalreporting.org.

Your Feedback

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

CVS Health Corporation
Attn: SVP, Corporate Social Responsibility and Philanthropy
One CVS Drive, Woonsocket, RI 02895
401-765-1500

Preparation of this Report

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 services 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.

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