The Board’s Role in Our Opioid Action Plan

Virtually no part of the country has remained unaffected by prescription opioid abuse. Our expansive reach, expertise and presence in communities position us to be part of the fight to address prescription opioid abuse.

Reducing prescription opioid misuse and abuse will require involvement from stakeholders across the health care system and support from federal, state and local governments, law enforcement and regulatory agencies and, most importantly, the members of the affected communities.

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. Our commitment to these efforts is an important responsibility of all of our employees, our senior management and our Board of Directors. Our Board has made our commitment to help address prescription opioid abuse an important priority of CVS Health. Our Board is actively engaged in our efforts through its oversight and review of the programs we are implementing to respond to prescription opioid abuse and working with our executive team as it develops new strategies to address it.

Our Ongoing Efforts

- Providing safe prescription drug disposal options in more communities. We have installed safe disposal units in more than 750 CVS Pharmacy locations nationwide and donated more than 900 additional units to community locations, such as local police departments. We are committed to place 1,100 additional disposal units by the end of 2019. Together, these units have collected more than 217 metric tons, or 480,000 pounds, of unwanted medication.
• **Creating new youth and parent education programs.** Through our Pharmacists Teach program, we have educated more than 400,000 students and parents about the dangers of prescription opioid misuse and abuse with a commitment to reach an additional 250,000 students and parents by the end of 2019.

• **Encouraging proper opioid use through counseling provided locally.** We provide comprehensive in-store counseling programs for CVS Pharmacy patients who are using prescription opioids for the first time. These counseling programs are provided in a manner consistent with the Guideline for Prescribing Opioids for Chronic Pain issued by the Centers for Disease Control and Prevention (CDC Guideline).

• **Expanding access to critical opioid overdose-reversal drug.** We have established an industry-leading program to increase access to naloxone, the opioid overdose-reversal drug, in 48 states where patients do not require an individual prescription. Following the Surgeon General’s Advisory on Naloxone and Opioid Overdose in April 2018, all CVS Pharmacy locations have in-store signage and in-store radio messages to educate patients about the availability and accessibility of the life-saving drug.

• **Encouraging proper use of prescription opioids.** CVS Caremark, our pharmacy benefit management business, has implemented utilization criteria that align with the CDC Guidelines to help members manage prescription opioid use. To complement these criteria, our pharmacists prospectively monitor use before prescriptions are dispensed for all CVS Caremark mail or retail pharmacy prescriptions, and we retrospectively monitor for fraud, provider shopping, over-utilization and potential abuse.

• **Supporting recovery programs.** CVS Health enhanced our support for addiction recovery programs, providing grants to 22 community health centers across the United States that deliver medication-assisted treatment and other addiction recovery services.

**Advocating for Effective Policies**

While CVS Health has developed and implemented numerous programs and initiatives to help combat prescription opioid misuse and abuse, we believe a significant component of our strategy is advocating for more effective policies designed to more directly combat prescription opioid misuse and abuse.
We have actively supported the following legislative and regulatory efforts:

- **Reducing opportunities for fraudulent prescriptions.** We support legislation that requires e-prescribing for controlled substances to reduce the risk of fraudulent prescriptions. Seven states have already adopted e-prescribing requirements and our advocacy efforts involve encouraging mandatory e-prescribing nationwide. We joined several private sector and nonprofit organizations in support of the passage of the Patients and Communities Act (H.R. 6), signed into law in October 2018, which requires e-prescribing for controlled substances in Medicare, a significant step in the fight against opioid abuse.

- **Limiting opioid quantities.** We also support the efforts in a number of states to institute seven-day limits on the quantity of opioid prescription dispensed to patients who are receiving opioid prescriptions for the first time. Limiting the supply of opioid prescription also helps ensure the prescription fits the medical condition and encourages more frequent check-ins with prescribers and local pharmacists.

- **Promoting information sharing across state lines.** We support proposals for strong, integrated Prescription Drug Monitoring Programs (PDMPs), that when used effectively, can help prescribers and pharmacists identify potential indicators of diversion, even across state lines.

**The Role of Our Board of Directors**

Our Board is committed to ensuring that we are developing solutions to prescription opioid abuse through expanded education, safe prescription drug disposal, utilization management, funding for treatment and recovery programs and advocating for legislative and regulatory changes. Within the Board, the Audit Committee, the Medical Affairs Committee, the Nominating and Corporate Governance Committee and the Management Planning and Development Committee each play a significant role in the Board’s oversight efforts.

**Audit Committee**

Our Audit Committee oversees our compliance program, which includes matters related to our anti-diversion program, suspicious order monitoring and other controls related to opioid misuse and abuse. The Audit Committee also reviews matters related to compliance with federal health care program requirements and compliance with our Corporate Integrity Agreements, or CIAs. In 2018, the Committee provided
the required annual certification of compliance with the Company’s 2014 CIA related
to PBM operations and the 2016 CIA related to our institutional pharmacy services
(long-term care) operations.

The General Counsel and other senior members of the legal department also provide
regular reports to the Audit Committee about litigation and investigations, which
include significant government investigations, regulatory and compliance matters
relating to prescription opioid misuse and abuse. The General Counsel has updated
the Audit Committee and the Board on the Multi-District Litigation before Judge
Polster in the U.S. District Court of the Northern District of Ohio and other opioid-
related matters. The Chief Compliance Officer, the General Counsel and other
members of senior management participate in these reports to the Audit Committee
and the Board, as appropriate.

**Medical Affairs Committee**

The Medical Affairs Committee oversees the Company’s medical-and pharmacy-
related strategies and initiatives, including programs related to combatting
prescription opioid abuse.

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee is responsible for oversight
of our corporate governance matters, including review and consideration of our
public policy and government affairs practices, policies and practices on issues
relating to corporate social responsibility and other significant public policy issues.

**Management Planning and Development Committee**

The Management Planning and Development Committee oversees our
compensation and benefits policies and programs, including the performance of
designated senior executives and our Chief Executive Officer. As part of its review,
the Management Planning and Development Committee performs a comprehensive
assessment of all major components of our compensation programs, including our
recoupment policy. Since 2009, we have maintained a recoupment policy that
applies to all annual and long-term incentive awards granted to executive officers.
The policy applies in cases where financial or operational results used to determine
an award amount are meaningfully altered based on fraud or material financial
misconduct. In March 2019, we amended our recoupment policy to further increase
transparency. The amendment requires us to publicly disclose the circumstances of
any recoupment from any executive officer to the extent the underlying event has
already been publicly disclosed, would not violate applicable law or is likely to result
in litigation, investigation or proceedings against us.
More broadly, the Board is focused on good corporate governance practices. We provide our stockholders with the following rights:

- Right to act by written consent and to call special meetings
- Majority voting in director elections
- Proxy access by-law
- Annual election of all directors
- Annual "say-on-pay" vote

For more information about the role of the Board and our Committees and our corporate governance developments, please see our 2019 Proxy Statement.