Growing communities through Supplier Diversity
"Our ability to deliver innovative, high quality health and pharmacy services to our customers and communities is closely tied to our partnerships with diverse suppliers and diverse-owned pharmacies. Reflecting the diversity of our colleagues, customers and communities in our supplier base is the responsibility of every colleague at CVS Health with purchasing authority.”

Larry J. Merlo
President and CEO

2017 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT
Our Commitment to Supplier Diversity

Our Supplier Diversity program, recognized as one of the most active and progressive programs among U.S. corporations, is a strategic and on-going initiative to assist in the generation of revenue by meeting contractual PBM Clients’ requirements and providing a diverse supplier solution to our Retail business that adds value as well as differentiates us from the competition.

We are working to create jobs and increase economic opportunities for the people and local businesses in the communities we serve. We source products from diverse, women-owned and small businesses.

In 2017, CVS Health’s engagement with small and diverse businesses led to over $5.8 billion in contributions to the US economy and sustained 38,032 US jobs. CVS Health purchases from its diverse suppliers leads to economic activity through the purchases by companies in its supplier chain and their employees’ spending.
2017: Supplier Diversity Spending

$2.3 billion
Spending with small and diverse suppliers

24%
of our sourceable spend is with diverse and small businesses

We continue to grow our use of diverse suppliers

6% Minority
3% Women
17% Veteran
18% Small
Increase in spend in each category

647 Minority Businesses
780 Women Businesses
200 Veteran Businesses
3,280 Small Businesses
2017: Awards and Recognitions for our continued efforts

Top Corporation for Women’s Business Enterprises
presented by WBENC

Gazelle Award for Top Growth Rate with Minority Business Enterprises
presented by NMSDC

Top 50 Organizations for Multicultural Business
presented by DiversityBusiness.com

Best-of-the-Best Top 30 Corporations for Inclusion
presented by National Business Inclusion Consortium

"We are incredibly proud to be recognized by Billion Dollar Roundtable for our commitment to using diverse suppliers throughout our business. By tapping into this expanding supplier pool, we are able to build supply chain excellence, add distinctive goods and services to our business offerings and enhance our brand among customers."

Eva Boratto
Executive Vice President, Chief Accounting Officer

Billion Dollar Roundtable
We have achieved $1 billion in spending annually with diverse suppliers, and have been named to the Billion Dollar Roundtable, an organization that promotes excellence in supply-chain diversity.
CVS Health supports diverse suppliers through its partnership with Roger Williams University on the Executive Learning Series for Diverse Suppliers.

47 Graduates
3,200 Hours of education

Suppliers develop valuable skills in:
- Finance
- Leadership
- Management
- Human Resources
- Social Media
2017: Economic Impact

$2.3 billion
Spending with small & diverse businesses

$5.8 billion
Economic impact of our supplier diversity program

38,032
Jobs supported through our small & diverse suppliers

$1.9 billion
Incomes supported through these jobs

Learn more about our commitment to supplier diversity, our recognition and our impact at http://cvshealth.com/supplierdiversity.
Economic Impact Metrics: GDP Contribution

CVS Health’s impact through supplier diversity comes from various sources – our spending with diverse suppliers, their spending with other companies, and their employees’ spending in their communities.

Production contribution of CVS Health’s Supplier Diversity Program

- Impact at Diverse Suppliers: $2.3B
- Supply Chain Impact: $1.6B
- Community Impact: $1.9B
- Total: $5.8B
Economic Impact Metrics: Jobs Supported

Our spending with diverse businesses helps support employment in diverse communities through direct hiring, and supporting businesses in diverse communities.

Jobs supported through CVS Health’s Supplier Diversity Program

17,598 + 7,977 + 12,457 = 38,032
Supporting families through supplier diversity

<table>
<thead>
<tr>
<th></th>
<th>Minority Businesses</th>
<th>Women Businesses</th>
<th>Veteran Businesses</th>
<th>Small Businesses</th>
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<tr>
<td>JOBS</td>
<td>3,865</td>
<td>3,381</td>
<td>732</td>
<td>15,325</td>
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<tr>
<td>EARNINGS</td>
<td>$204 million</td>
<td>$161 million</td>
<td>$34 million</td>
<td>$736 million</td>
</tr>
</tbody>
</table>

“Working with a diverse supplier base is a priority for CVS Health. We believe we are better able to help our customers and patients on the path toward better health by committing to supplier diversity.”

Raul Suarez-Rodriguez
Manager of Supplier Diversity & Strategic Procurement
Our diverse supplier base helps CVS Health deliver innovative, high-quality health and pharmacy services.
Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal income, and employment.¹

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN input-output model in developing estimates of spending, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

An Input-Output model uses a matrix representation of a nation’s interconnected economy to calculate the effect of changes in spending by consumers, by an industry, or by others, on other industries and the entire economy. This matrix representation and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its inter-industry transactions – that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.²
This report is based on an analysis of data provided by CVS Health using IMPLAN’s Input-output multipliers, and the supplier diversity information in supplier.io’s database of nearly 1.6 million active certifications.

ABOUT SUPPLIER.IO

supplier.io helps companies increase their use of small and diverse suppliers through innovative solutions that support the execution of highly effective supplier diversity strategies. To learn more, visit https://supplier.io.

References:
1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n
2. Oxford Economics
Learn more about our commitment to supplier diversity, our recognition and our impact at http://cvshealth.com/supplierdiversity