2019 Supplier Diversity Impact Report
“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

2019 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT
Our Commitment to Supplier Diversity

Our partnerships with small and diverse suppliers help us ensure that our products and services evolve to meet the needs of our customers.

In 2019, CVS Health’s engagement with small and diverse businesses led to over $5.6 billion in contributions to the US economy and sustained 35,746 US jobs. CVS Health’s spending with diverse suppliers supports job growth for these businesses. It also triggers a multiplier effect that supports additional jobs in our supply chain and these suppliers’ communities.
Enterprise Procurement Vision & Mission

Vision
To be recognized as a trusted advisor enabling CVS Health to deliver transformative healthcare solutions to our patients, customers and members, by partnering with world class suppliers.

Mission
We are a diverse and fully integrated team that collaborates to capture value, drive policy compliance and mitigate risk. We collaborate with enterprise business partners to identify, develop, and execute innovative and focused business solutions to maximize the value of our investments in support of leading the change to improve health.
CVS Health’s Supplier Diversity program is essential to the continued growth, development, and success of our company. Through our Supplier Diversity Program, we have established a corporate commitment to include diverse suppliers, ensuring all businesses are provided equal opportunity to be included in our enterprise procurement processes which exemplifies our company’s commitment both to sound business practices and to the communities in which we serve.

CVS Health Supplier Diversity Program includes Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Veteran Business Enterprises (VBE), Serviced Disabled Veteran Business Enterprises (SDVBE), Small Business Enterprises (SBE), Small Disadvantaged Business Enterprises (SDBE), Disabled Business Enterprises (Disabled), Disadvantaged Business Enterprises (DBE) and Lesbian, Gay, Bisexual and/ or Transgender Business Enterprises (LGBTBE) in our enterprise procurement activities.

Our team ensures our diverse suppliers are well educated on how to be successful when engaging and presenting their products and/or services to our purchasing decision makers. Partnering with our internal business leaders to integrate supplier diversity into procurement activities is a key tenant that helps continue to drive our program.
2019 Diversity Events

• Rainbow Push Annual Wall Street Project Economic Summit
• WPEO Annual Awards Breakfast
• WBENC Summit & Salute
• LGBT Massachusetts Chamber of Commerce Corporate Roundtable
• NGLCC Best of the Best Awards
• CVS Health Chicago Business Building Event
• Diversity Inc. Top 50 Event
• NMSDC Leadership Awards
• CWE/Federal Reserve Bank Engage & Connect Matchmaking Event
• WPEO Corporate Roundtable Lunch
• USPAACC National Conference
• WBENC National Conference
• NMSDC Manager’s Seminar
• Disability: In National Conference
• CVS Health & Roger Williams University Executive Learning Series
• CVS Health Ruby Awards
• CVS Health Texas Business Building Event
• NGLCC International Business and Leadership National Conference
• Billion Dollar Roundtable Summit
• GNEMSDC Business Opportunity Conference and Expo
• USHCC National Conference
• CWE Annual Women’s Business Leadership Conference
• NMSDC National Conference
• CVS Health California Business Building Event
2019: Awards and Recognitions for our Program

Billion Dollar Round Table
presented by

WE USA magazine
Best of the Decade
presented by

Diversity Inc
Top 50
#1 for Supplier Diversity
presented by

GNEMSDC
Corporation of the Year
Buyer of the Year
presented by

Diversity Plus
2019 Top 30 Champions of Diversity
presented by

WBENC
Top Corporation for Women’s Business Enterprises – Silver
presented by

WPEO
Commitment to Success of Women’s Business Enterprise
presented by

Wall Street Project
Thank You Letter from Rev. Jackson for participation
presented by

Professional Women's Magazine - Best of the Best
2019 - Top Supplier Diversity Program
presented by

CVS Health
Suppliers Spotlights

**Diamond Contractors** is a general contractor, licensed and working for CVS Health in 45 states. Diamond Contractors has built ground-up stores, but their niche is remodels of existing stores, and roll-out programs. They employ 22 people in their Kansas City office and, depending upon the time of year, employ anywhere from 20 to 60 field personnel. The partnership between Diamond Contractors and CVS Health has brought economic opportunities to hundreds of local subcontractors in 45 states over the past 12 years.

**Loop Capital Markets**, has been providing investment banking services to CVS Health since 2012. As a leader in both ethnic and gender workforce diversity, as well as in the philanthropic space, Loop Capital is creating not only professional empowerment for the diverse professionals they employ but is also creating economic empowerment in the communities in which they operate.

**Planned Packaging of Illinois (PPOIC)**, a worldwide distributor of shipping and packing materials that has been working with CVS Caremark, since 2007, and has since gone on to expand its support to other parts of CVS Health. PPOIC’s growth with CVS Health has allowed PPOIC to expand and open two additional locations in North Carolina and Tennessee. These locations have provided jobs to primarily lower income individuals.
We are committed to building long term relationships with our diverse suppliers.

**Bixby & Co** – a WBE business part of the 2019 CVS Health & Roger Williams Program will be in 1,000 stores starting March 2020 selling a variety of their chocolate confections.

**Pharmadel** – an MBE business whom the Supplier Diversity team engaged with will be selling teas to Navarro and CVS y más stores through a minority owned distributor.

**WEI** – In 2019, CVS Health and WEI celebrated their 10-Year Partnership

“Since partnering with CVS Health 10 years ago to provide IT consulting services and solutions, WEI has been able to increase its workforce by 80 percent, growth that Co-Founder and Vice President Leslie Rosas says has a “trickle-down effect” in allowing WEI to use more diverse suppliers in their own supply chain and to develop a more diverse workforce of their own.”

**Piloted Merchandising Accelerator Program** – In 2019 the CVS Health Supplier Diversity team piloted a new program, specifically focused on retail merchandising suppliers which provided an opportunity to 6 merchandising suppliers to present their product to Merchandising Senior Leadership and Category Managers.
The Economic Impact through our Supplier Diversity Program in 2019

$5.6 billion
Production impact of our program
The cumulative revenues of all businesses impacted through the program.

35,746
Jobs supported
Jobs supported within CVS Health’s supply chain and in the suppliers’ communities.

$1.9 billion
Wages supported
The cumulative earnings of the employees in the jobs supported through the supplier diversity purchases.

$2.2 billion
Small and Diverse Purchases
CVS Health’s spending with small and diverse suppliers.
2019: Supplier Diversity Spending

$2.2 billion
Spending with small and diverse suppliers

- Pharmacies and Drug Stores: 6,068 jobs
- Telemarketing Bureaus and Other Contact Centers: 999 jobs
- Drugs and Druggists' Sundries Merchant Wholesalers: 653 jobs
- Computer Systems Design Services: 566 jobs
- Computer and Computer Peripheral Equipment and Software Merchant Wholesalers: 332 jobs

24.9% of our sourceable spend is with diverse and small businesses

- Minority Businesses: 616
- Women Businesses: 708
- Veteran Businesses: 180
- Small Businesses: 2,556
### Jobs supported at diverse suppliers

<table>
<thead>
<tr>
<th>Category</th>
<th>Jobs</th>
<th>Earnings</th>
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<tbody>
<tr>
<td>Minority Businesses</td>
<td>4,752</td>
<td>$241.2 million</td>
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<tr>
<td>Women Businesses</td>
<td>2,682</td>
<td>$139.3 million</td>
</tr>
<tr>
<td>Veteran Businesses</td>
<td>316</td>
<td>$16.7 million</td>
</tr>
<tr>
<td>Small Businesses</td>
<td>11,432</td>
<td>$563 million</td>
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</table>

Our work with diverse suppliers plays an important role in business across the enterprise. For example, we’re meeting contractual requirements with our CVS Caremark clients for diverse supplier inclusion. Additionally, prospective pharmacy benefits management (PBM) clients take many of our Supplier Diversity efforts into consideration when selecting CVS Caremark for PBM services.

With one of the most active and progressive Supplier Diversity programs among U.S. corporations, CVS Health is committed to working with minority- and women-owned business enterprises (MWBEs) to build supply-chain excellence, add distinctive goods, services and capabilities to our business offerings and create competitive advantage.
Making an impact through our entire supply chain and our communities

Direct Impact at Small & Diverse Suppliers
CVS Health purchased $2.2 billion from small and diverse businesses in 2019. These purchases supported 15,581 jobs and $788 million in wages and benefits at these businesses.

Indirect/Supply Chain Impact
These small and diverse businesses purchased $495 million in goods and services from their suppliers and supported an additional 8,043 jobs.

Induced/Community Impact
The employees in supported jobs generated $1.8 billion in economic activity and supported 12,121 jobs in their communities.

<table>
<thead>
<tr>
<th>OUTPUT</th>
<th>DIRECT IMPACT</th>
<th>$2.2B</th>
<th>INDIRECT IMPACT</th>
<th>$1.6B</th>
<th>INDUCED IMPACT</th>
<th>$1.8B</th>
<th>TOTAL</th>
<th>$5.6B</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAGES</td>
<td>DIRECT IMPACT</td>
<td>$788M</td>
<td>INDIRECT IMPACT</td>
<td>$495M</td>
<td>INDUCED IMPACT</td>
<td>$596M</td>
<td>TOTAL</td>
<td>$1.9B</td>
</tr>
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</table>
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. States GDP: http://www.tradingeconomics.com/CVS Health-states/gdp