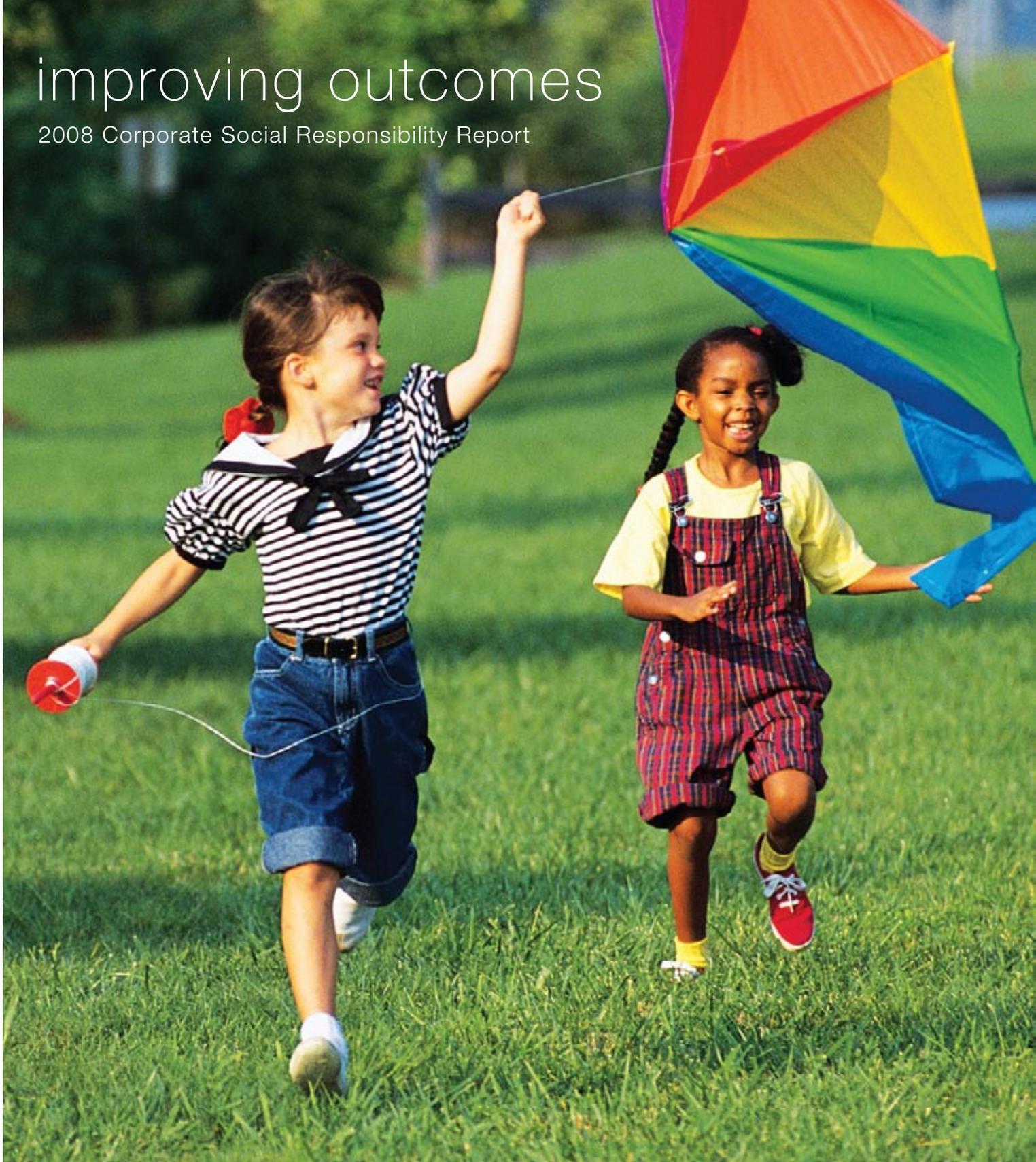


# improving outcomes

2008 Corporate Social Responsibility Report



**CVS** |  
**CAREMARK**



## Our Vision

We strive to improve the quality of human life.

## Our Mission

We provide expert care and innovative solutions in pharmacy and health care that are effective and easy for our customers.

## Our Values

Accountability

Respect

Integrity

Openness

Teamwork

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Dear Stakeholders,

Two years ago, CVS and Caremark merged and promptly defined a shared vision: We strive to improve the quality of human life. We focused on creating a new model in health care, one that integrates all aspects of pharmacy services with non-emergency medical care. Today we provide patients with expert care and innovative solutions that are both effective and easy. Our ultimate goal is to help improve health outcomes and lower overall health care costs.

To make health care more effective, we are enhancing our approach to Proactive Pharmacy Care™ by focusing on patient outreach and education to encourage better medication adherence. We are making health care more affordable with the creation of a CVS/pharmacy® Health Savings Pass for uninsured patients so they have access to prescription drugs and medical care at prices they can afford. We also launched the ExtraCare® Health card for our PBM customers, a benefit we traditionally offered only to our own employees, to provide discounts on various CVS Brand products that are eligible for reimbursement from Flexible Spending Accounts (FSAs).

At CVS Caremark, we also recognize that the quality of human life is improved through a healthy environment. Operating our business in an environmentally responsible manner is very important to us. In 2008, we partnered with Massachusetts Institute of Technology (MIT) to measure the company's carbon footprint for the first time. The results have informed our current strategies and will be used to determine the future steps we take to reduce our energy usage.

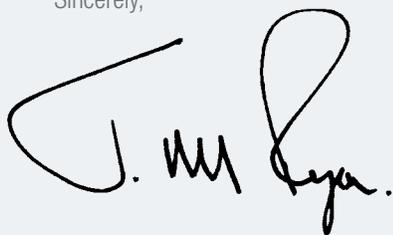
Another priority for us is to make CVS Caremark an even better place to work than it is today. In large numbers, our colleagues have expressed high levels of satisfaction and engagement with both their teams and the company. We attribute this to the investment we've made in training and development opportunities for our workforce; the flexibility we offer our colleagues in terms of their work schedules and locations; and the benefits we provide.

“Today we provide patients with expert care and innovative solutions that are both effective and easy. Our ultimate goal is to help improve health outcomes and lower overall health care costs.”

Giving back to our communities remains a cornerstone of our corporate social responsibility (CSR), and in particular, we are committed to helping improve the quality of life for children with disabilities. The support we provide to our communities and to the nonprofit organizations that serve children with disabilities ranges from grants through the CVS Caremark Charitable Trust and corporate contributions, to our employees' volunteerism and product donations.

These are just a few examples of how we define our responsibilities to our customers, colleagues and our communities. As the theme of our 2008 CSR Report underscores, our focus is – and will always be – on improving outcomes. It's an attitude we bring to everything we do, in all aspects of our business and operations. Our commitment to CSR is no different. We hope you will take a few minutes to read our report, learn about what we're doing in this regard, and then share your feedback with us.

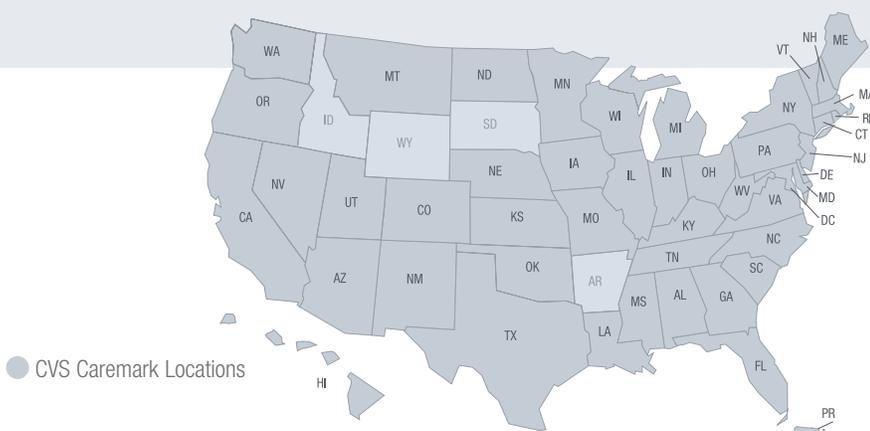
Sincerely,

A handwritten signature in black ink, appearing to read "T. M. Ryan". The signature is stylized with a large, sweeping initial "T" and a long, looping "R".

Thomas M. Ryan  
Chairman of the Board, President & CEO

# CVS Caremark Company Profile

CVS Caremark is the only fully integrated pharmacy health care company in the United States. Our offerings across the entire spectrum of pharmacy care allow us to provide greater convenience and choice for patients, improve health outcomes, and lower overall health care costs for plan sponsors and participants. As one of the country's largest pharmacy benefit managers (PBMs), we provide plan sponsors and participants access to a network of more than 63,000 pharmacies including more than 6,900 CVS/pharmacy stores. CVS Caremark is a market leader in mail order pharmacy, retail pharmacy, specialty pharmacy, and retail clinics, and our clinical expertise includes one of the industry's most comprehensive disease management programs. We are also a leading provider of Medicare Part D Prescription Drug Plans.



## Company Data—2008

### Financial Highlights

(in millions, except per share figures)

Revenues .....	\$87,471.9
Operating profit.....	6,046.2
Net earnings.....	3,212.1
Diluted earnings per common share .....	2.27
Stock price at calendar year end .....	28.74
Market capitalization at calendar year end.....	41,301.2

### Operational Highlights

Store count at year end.....	6,923
Retail clinic count at year end.....	560
Retail specialty pharmacy stores.....	58
Specialty mail order pharmacies .....	19
Mail service pharmacies.....	6
Number of employees .....	215,000
Facility and store locations .....	45 states, the District of Columbia & Puerto Rico



## Committed to Sound Corporate Governance

CVS Caremark has a long-standing commitment to sound corporate governance. Our record is reflected through industry rankings such as RiskMetrics Corporate Governance Quotient where we outranked more than 69 percent of all companies on the S&P 500 and more than 90 percent of all companies within our industry group as of March 2009. We believe our ranking reflects the emphasis we place on being responsive, accountable and transparent to our stockholders and operating in full compliance with laws and regulations.

We recently refined our Vision, Mission and Values to more clearly reflect who we are as a company and how we conduct business. As stated in our Values, we are firmly committed to acting with integrity and holding each other accountable for all aspects of our performance.

## Our Policies

In January 2009, our Board of Directors adopted the most recent version of our Corporate Governance Guidelines, which meets or exceeds the listing standards adopted by the New York Stock Exchange (NYSE).

### Our Corporate Governance Policies

- Annual election of all directors
- Conflict of Interest Policy with annual certification
- Majority voting for uncontested director elections
- Stock ownership guidelines for all directors and officers
- Insider Trading Policy with annual certification
- All stock-based incentive plans have shareholder approval
- Stockholders ratify auditors
- Lead independent director
- Comprehensive Code of Corporate Conduct
- Ethics Hotline

### Board Independence

According to our Corporate Governance Guidelines, the majority of directors must meet the NYSE Bright Line requirements for independence as well as our own categorical standards for director independence. The Board determines the independence of each director in March of each year and will re-evaluate those determinations as needed during the year. This year, 11 of the 12 directors on our Board were determined to be independent. Only directors determined by the Board to meet independent standards serve on the Board's Audit, Nominating and Corporate Governance, and Management Planning and Development Committees.



## Board Attendance

Directors are expected to attend Board and their respective Committee meetings, as well as the annual meeting of stockholders. In 2008, each Director attended at least 75 percent of the Board and Committee meetings of which he or she was a member, with an overall attendance record of 98 percent.

## Director Orientation and Continuing Education

All new Directors are strongly encouraged to participate in our Director orientation program and receive a comprehensive briefing on the company, its operations and policies. Ongoing learning opportunities are also available to all Directors. The Nominating and Corporate Governance Committee oversees the orientation and continuing education program for Directors.

## Lead Director

Our Board believes that, while all Directors are elected by stockholders and all have an equal voice, it is in the best interests of the company for the Board of Directors to have an independent, non-management Lead Director. The role of Lead Director is independent and separate from the position of Chairman of the Board. The Lead Director presides over meetings of the Board at which the Chairman is not present; has the authority to call and lead non-management Director and independent Director sessions; facilitates communication between the Chairman and independent directors; and advises the Chairman of the Board's informational needs, meeting agendas and meeting schedules.

## Stockholder Proposals

In accordance with Securities and Exchange Commission (SEC) rules, we reprint properly submitted stockholder proposals and supporting statements, as they were submitted to us, in our annual proxy statement. Once filed, we look to establish a dialogue with the filing parties in order to better understand their concerns. We note that among S&P 500 companies and at CVS Caremark, an increasing number of stockholder proposals have been filed in recent years.

## Other Governance Practices

### Executive Compensation

The Board recognizes that executive compensation is an important issue in corporate governance, which is why our policies and programs are designed to ensure an appropriate link between pay, company performance and stockholder returns.

With the oversight of the Management Planning and Development Committee, our executive compensation policies and programs are designed to attract, retain and motivate talented leaders to drive company performance. Between 70 and 80 percent of executive compensation is based on performance, while 90 percent of the CEO's compensation is linked to performance. Simply put, when the company performs well, stockholders benefit, as do our executive officers. This committee also evaluates and monitors our executive compensation strategy to ensure our approach is aligned with best practices among our peer group.

CVS Caremark is committed to a "pay-for-performance" philosophy, in which a significant portion of our executives' annual compensation is awarded as long-term, multi-year "at risk" equity awards whose ultimate value, if any, will depend on the company's future financial performance. In 2008, the Company also began including customer service and satisfaction metrics in the determination of executive officer annual incentive awards. In addition, we instituted a new "claw back" provision that allows the company to recoup annual and long-term incentive awards in the case of financial fraud or misconduct. All of these actions further reinforce a strong alignment of our executives' interests with those of our stockholders.

### Corporate Compliance & Ethics

CVS Caremark is committed to complying with the law and promoting high ethical standards that, we believe, are responsibilities shared by everyone in our organization. Having an effective and comprehensive compliance program is key to fostering a culture of integrity and ethical conduct. CVS Caremark has such a program in place, led by our Chief Compliance Officer, who is responsible for its overall operation and deployment.

We rely on a variety of mechanisms for assessing risk, auditing processes and ensuring that our policies and procedures are being properly followed throughout the organization. In the event there is cause for concern, we take immediate steps to investigate and resolve the matter. Two committees of the Board provide oversight for compliance, while the entire Board would be informed of significant compliance issues.

### Code of Conduct

The CVS Caremark Code of Conduct defines our high ethical standards for business conduct and applies to all CVS Caremark employees and the Board of Directors. The Code is intended to help resolve ethics and compliance issues by providing the information, tools and resources necessary to make good decisions.

### Ethics Hotline

CVS Caremark maintains a formalized compliance program, including a dedicated hotline for employees and suppliers to report any wrongdoing or misconduct. We use an independent third-party vendor to manage the Ethics Line, which was consolidated in 2008 after the merger of CVS and Caremark.

The Ethics Line is available 24 hours a day, seven days a week and 365 days a year. As an alternative to calling, employees may contact the Ethics Line via mail, e-mail or fax, all of which are confidential. Any matter reported through the hotlines can be made anonymously and without fear of retribution.

## Stakeholder Engagement

CVS Caremark benefits from engaging stakeholders from key external and internal groups. Below are some of the ways we engage and encourage communication with our stakeholders.

Stakeholder	Examples of Engagement
Colleagues	<ul style="list-style-type: none"> <li>• Regular communication e-mails and voicemails from management</li> <li>• Employee publications</li> <li>• Code of Conduct and Ethics Hotline</li> <li>• Intranet sites</li> <li>• Employee Engagement Survey</li> <li>• Problem solving/issue resolution process</li> <li>• Networking groups</li> <li>• Ongoing training programs and career development initiatives</li> <li>• Wellness programs and initiatives</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Internet sites</li> <li>• Annual tracking studies</li> <li>• CVS Advisory Panel</li> <li>• Customer relations program and hotline</li> <li>• ExtraCare customer loyalty program</li> <li>• Trends Report for PBM customers</li> </ul>
Stockholders	<ul style="list-style-type: none"> <li>• Regulatory disclosures and reporting</li> <li>• Stockholder proposals</li> <li>• Annual meeting of stockholders</li> <li>• Annual Analyst/Investor Day</li> <li>• Quarterly earnings conference calls</li> <li>• Presentations at industry conferences</li> <li>• Comprehensive investor relations area on Web site</li> <li>• Information for contacting directors posted on Web site</li> <li>• Communication with individual and institutional investors</li> <li>• Proactive domestic and international road show program</li> <li>• Responsiveness to informational needs of equity and fixed income analysts</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier education forums on sustainable packaging</li> <li>• Supplier Summit</li> <li>• Supplier Code of Conduct and Ethics Hotline access</li> </ul>
Local Communities and Partners	<ul style="list-style-type: none"> <li>• Employee volunteerism initiatives</li> <li>• Charitable giving programs</li> <li>• Community outreach efforts (e.g. pharmacists in the community, CVS Samaritan Vans and disaster relief)</li> <li>• CVS Caremark All Kids Can, our signature program</li> <li>• Partnerships with various nonprofit organizations</li> <li>• Sponsorships of charitable sporting events</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Site visits and inspections</li> <li>• Regulatory disclosures and reporting</li> </ul>



## Serving Our Customers and Patients

As the only fully integrated pharmacy health care company in the U.S., CVS Caremark provides expert care and innovative solutions in pharmacy and health care that are effective and easy for our customers. In addition to our popular ExtraCare® loyalty program, in 2008 we introduced the ExtraCare® Health card for our PBM clients' plan participants and the CVS/pharmacy® Health Savings Pass, which offers savings on generic drugs for our uninsured customers. CVS Caremark administers prescription discount card programs for the National Association of Counties and the National League of Cities. We also launched our Proactive Pharmacy Care™ program, which is an earlier, easier, more effective approach to engaging patients in their health care that can lower costs and improve outcomes. We continued to provide patients with affordable, quality health care for common family illnesses through our convenient in-store MinuteClinics.

### ExtraCare® Program

Through our ExtraCare® program, the largest retail loyalty program in the country, we reward our most loyal customers with savings opportunities. More than 50 million active cardholders enjoy significant savings through ExtraCare® and, in 2008, we provided ExtraCare® cardholders the opportunity to save approximately \$2 billion on the products they use most.

### ExtraCare® Health Card

In 2008, we introduced the ExtraCare® Health card. With an ExtraCare® Health card, CVS Caremark eligible plan participants save 20 percent on CVS Brand products such as pain relievers, cold remedies and first aid supplies that are eligible for reimbursement from Flexible Spending Accounts (FSAs).

### CVS/pharmacy® Health Savings Pass

In October 2008, we introduced the CVS/pharmacy® Health Savings Pass, a new pharmacy health care savings program aimed at helping the uninsured by providing additional cost savings. By purchasing the Health Savings Pass for a \$10 annual enrollment fee, consumers have the opportunity to fill a 90-day prescription for one of more than 400 common generic maintenance medications for only \$9.99 at their local CVS/pharmacy. In addition, the Health Savings Pass provides access to services and screenings at MinuteClinic, the largest retail health care clinic in the U.S., at a 10 percent discount for cash-paying patients up to \$10 per visit.



## NACo and NLC Prescription Discount Card Programs

CVS Caremark administers prescription discount card programs for the National Association of Counties (NACo) and the National League of Cities (NLC). These cards are designed to help residents of cities and counties save money on their prescriptions that are not covered by insurance. The free cards are distributed by counties or member cities and may be used at any participating retail pharmacy. While savings may vary by drug and by pharmacy under these programs, the average savings is approximately 20 percent. More than 59,000 pharmacies nationwide participate in these programs, including most chain pharmacies and many independents.

## Proactive Pharmacy Care

We launched Proactive Pharmacy Care in 2008 to help our customers and plan participants achieve better health outcomes and lower costs by combining the strengths of the CVS Caremark PBM and our mail and retail pharmacy capabilities.

There are three principal approaches to Proactive Pharmacy Care, each of which addresses common gaps in pharmacy care:

- **Proactive Medication Engagement**—We engage consumers through all our channels to ensure that they take the right drug at the right place at the right time. We help our customers take their medications as prescribed until directed otherwise by a physician. Face-to-face pharmacist counseling, refill reminders and physician coordination programs improve adherence and result in improved outcomes.
- **Proactive Pharmacy Choice**—These programs offer eligible plan participants convenience and access to cost savings. A key program, Maintenance Choice, utilizes both our mail pharmacy and retail pharmacy channels; CVS Caremark eligible plan participants may obtain a 90-day supply of maintenance medications at either a CVS/pharmacy or through CVS Caremark Mail Service through Maintenance Choice. Whatever avenue they choose, the copay and cost is based on the lower mail pharmacy pricing.
- **Proactive Specialty Management**—Through our integrated specialty management programs, we provide continuous personalized outreach and support for consumers and physicians in optimizing treatment outcomes and promoting safe and cost-effective use of specialty medicines through all our channels. In addition, we offer eligible plan participants the option, where available, of picking up specialty medications at CVS/pharmacy at mail pharmacy prices.



## MinuteClinic

In 2008, MinuteClinic continued to expand to new markets, ending the year with approximately 500 clinics in 27 states. Since its inception, MinuteClinic has generated more than 3.5 million patient visits with a 95% customer satisfaction rate. MinuteClinic complements traditional health care services by using clinical best practices and technology to provide:

- More convenient and easier access to health care for consumers—MinuteClinic has expanded into new markets and extended weekend hours in early 2009 so customers can receive treatment for common illnesses when it's convenient for them, whether it's after work or on the weekend. MinuteClinic also has twelve employer-based clinics so employees of these companies have easy access to non-emergency care.
- More affordable care for consumers and health plans—An estimated \$200 million has been saved by consumers and health plan providers through the use of MinuteClinics since 2006. The average cost of treatments at MinuteClinic is \$62, much lower than the average \$130 cost for urgent care or \$328 for emergency room treatment.
- Improved health care quality—Our board-certified nurse practitioners adhere to national standards set by the Institute for Clinical Systems Improvement, the American Academy of Pediatrics and the American Academy of Family Physicians. MinuteClinic was the first retail clinic accredited by the Joint Commission, the national evaluation and certifying agency for nearly 15,000 health care organizations and programs in the United States. In addition, our proprietary Electronic Medical Records (EMR) System ensures that procedures are followed consistently and includes an automated chart review process to ensure continuous improvement.



To support our commitment to making health care easier and more accessible for customers, CVS/pharmacy and MinuteClinic made a pledge to deliver one million flu shots during the 2008 flu season, which spans October through April. In November, we surpassed our goal and continued to provide vaccinations at 7,500 scheduled flu shot events at CVS/pharmacy and through ongoing, on-demand service at all MinuteClinic locations. This campaign was recognized with the National Influenza Vaccine Summit Immunization Excellence Award.

## Meeting the Needs of Our Customers

We want our customers to have a great experience every time they shop in our stores. Every store is measured on three core performance metrics that are essential to meet – or exceed – our customers' expectations. We refer to these as our "Triple S" factors:

- **Stock** – having the right products at the right place at the right time
- **Shop** – ensuring the store is easy to navigate as well as clean, neat and well-maintained
- **Service** – providing efficient service from colleagues who are professional, helpful and friendly

Our best-performing stores exceed Triple S target scores and their pharmacists and colleagues are highly engaged in their work. They go the extra mile to provide exceptional service and build strong relationships with their customers.

## Measuring Customer Satisfaction

We continuously look for ways to improve our customers' experience in our retail stores and pharmacies. To measure customer satisfaction further and gain a better understanding of the customer experience, we:

- Use a third-party market research firm to conduct a continuous tracking study to measure our performance on many factors, including the service dimensions of Triple S (Stock, Shop and Service).
- Solicit opinions and feedback, on a variety of topics, from the 60,000 customers who comprise our CVS Advisory Panel.
- Maintain a customer relations program through which customers can contact us via a number of channels. We respond to these contacts in a timely manner, and we monitor and track customer compliments and complaints so we can continue to improve our overall service. Each contact is provided to the appropriate departments so we can keep the customer at the center of our operations throughout the organization.



## For All the Ways You Care

In March 2008, we honored 10 people through “For All the Ways You Care,” a nationwide search for inspirational stories of caring. The contest drew thousands of submissions from across the country. Judy McAtee of Plano Center, IL, was selected as the Grand Prize Winner and the recipient of \$25,000.

Judy is a foster mother to more than 30 children and

is a mother of 12, including 10 adopted children. Described as “the poster child for anything wise and caring,” Judy has lovingly cared for children less fortunate and formed “Special Gifts” seminars designed to share the experiences of foster care and adoption of special needs children. Nine finalists in the contest received cash prizes of \$10,000 each.



In 2008, our CVS Caremark Customer Care Centers were recognized for customer satisfaction excellence by J.D. Power and Associates Certified Call Center Program<sup>SM</sup> for the third time. To qualify for certification, a call center is measured on benchmarks such as: knowledge; concern for the customer; usefulness of the information provided; convenience of operating hours; ease of reaching a representative and timely resolution of issues.

## Engaging Our Customers

Our customers engage with CVS Caremark in our stores and pharmacies as well as through mail-order pharmacies and our Web site. We have implemented initiatives and programs designed to engage with and address their diverse needs.

### Women

Over the past several years, we have conducted extensive research to better understand the needs of our female customers, who represent about 75 percent of our retail customer base. We learned that many of them serve as the health care gatekeeper for their family and feel that caring for themselves and their families’ health and wellness is their most important job.

Based on this research, we have been able to better understand the stress and challenge of being a caregiver. The findings led us to:

- Launch a new section on CVS.com to assist caregivers with prescription management and provide them with a variety of tools and resources to make their jobs easier.
- Encourage caregivers to work with our pharmacists through in-store consultations to better understand the proper use and management of medication.
- Create our “For All the Ways You Care” campaign, which celebrates women and their role as nurturers and caregivers. It includes a Web site with an online forum for sharing experiences, an advertising campaign and an event to honor extraordinary caregivers.



## Seniors

Consumers over the age of 50 are our fastest growing pharmacy customer group. Seniors are in need of resources to help them maintain the best possible quality of life and to help them more effectively manage their medications. To meet the needs of seniors, we:

- Partner on the “Prescription for Better Health” Campaign with the National Council on Aging (NCOA)—providing in-store and community outreach programs that offer free health information on medication management and healthy aging. Through more than 4,000 “Pack Your Bag” medication reviews sponsored with NCOA at senior centers across the country in 2008, CVS pharmacists were able to counsel patients on the following issues that were discovered:
  - 7% of seniors were taking expired medications
  - 14% were not taking medications as prescribed
  - 10% were at risk for potential drug interactions
  - 15% had the opportunity to switch to money-saving generics
- Provide ongoing Medicare Part D education and counsel—making online tools and pharmacist counseling available to help seniors compare plans and achieve greater compliance.
- Promote generic education and utilization—helping seniors learn more about generic medications and the inherent cost-savings opportunity.

## Customer Access to Prescription Information Online

At CVS Caremark, we are committed to continuously improving our customers’ experience online, as well as in stores. In 2008, we revamped our Web site, [www.cvs.com](http://www.cvs.com), which more than four million customers use for their personal and health needs. We focused on how our Web site could further our goal of making innovative and high-quality health and pharmacy services safe, affordable and accessible.

In 2008, CVS.com was named “Best Overall Internet Site” in the consumer health care product sales category by eHealthcare Strategy & Trends magazine and received an eHealthcare Leadership Award. The award recognizes the best Web sites across a broad spectrum of health care organizations, including providers, health plans and health care organizations.



## A Su Salud Health Fairs

In 2008, CVS/pharmacy provided free and low-cost medical screenings and services valued at \$55 million to the community through “A Su Salud” (To Your Health) health fairs in cities including Miami, Los Angeles, Dallas/Fort Worth, San Antonio and Houston. Serious health concerns were detected in an alarmingly high percentage of participants in the A Su Salud health fairs last year.

CVS.com won the platinum award for overall Web design, interactivity, integration, health content, medical care support and ease of navigation. CVS Caremark also captured first place at the National Conference on Health Care Consumerism as the “Best Website for Patient/Consumer Information” for the grouping of [www.cvs.com](http://www.cvs.com), [www.caremark.com](http://www.caremark.com) and [www.yourhealthconnection.com](http://www.yourhealthconnection.com).

We also know that our customers want convenience and easy access to their health and prescription information. To meet this need, we launched partnerships with Microsoft HealthVault and Google Health in 2008 and early 2009 to provide customers easy and portable access to their health information online.

- **Google Health**—CVS Caremark and Google Health partnered to provide our pharmacy customers with the option to store and manage their prescription information with their other health information within their Google Health accounts on a secure online site. This service enables CVS Caremark customers to upload their prescription information from Caremark.com and CVS.com and add summaries of MinuteClinic visits to their Google Health accounts. The program is intended to help close the gap in the health care system by making patient records accessible and portable. For example, if a patient is out-of-town and becomes ill, his or her medical and prescription history can be easily accessed and shared with a physician so a safe course of treatment can be determined.
- **Microsoft HealthVault**—In fall 2008, we launched a partnership with Microsoft HealthVault to offer health care solutions that help customers manage their health and wellness information online. Through this collaboration, our customers can upload a comprehensive list of prescriptions filled at CVS/pharmacy or CVS Caremark mail-order pharmacy, as well as save copies of their health records, including laboratory tests from visits to MinuteClinic, into their individual HealthVault record. Customers can also upload personal health data, from devices such as blood pressure or glucose monitors, into HealthVault applications to augment their health information. These records are accessible and portable and may be shared with health professionals to ensure safe patient care.

## Making Our Stores Accessible

CVS Caremark operates more than 6,900 retail stores in 41 states, of which 70 percent are open 24-hours or maintain extended hours. We are committed to making our stores convenient and inclusive for all of our customers. From selecting sites and designing the layout of our stores to establishing hours of operation and the services we provide, our goal is to deliver excellent customer service and, at the same time, be an asset to the community. We are continually working to accommodate all of our customers’ needs, such as disability access, language translation, and access to product in order to deliver on our commitment to customer-centric care.

Of the individuals screened:

- 47 percent had high cholesterol
- 39 percent had a high to moderate risk of developing osteoporosis
- 27 percent had hypertension
- 21 percent had diabetes, with more than half being diagnosed with diabetes for the first time

Many of the health fairs also focused on cancer screening for women, who comprised 78 percent of the A Su Salud event attendees in 2008. Once screened, CVS/pharmacy helps patients through on-site physician consults that analyze the results and refer patients to no-cost or low-cost medical facilities within that neighborhood or to their primary care physician should additional follow-up be required.

In 2009, CVS/pharmacy will again offer comprehensive health risk assessments at more than 750 store-based events, and partner with local and state agencies to host mobile units offering low-cost and no-cost cancer detection services for women, including mammograms and pap smears.

## Store Locations

Our real estate strategy is twofold: opening new stores in order to serve our growing customer base and moving some existing stores to more convenient locations. Our goal is to make our stores inviting and easy to shop. Existing stores are renovated, on average, at least once every five years, to keep them fresh and appealing for customers and the community. We also are sensitive to the unique cultures of individual communities. For example, in some cases, the external signage at our stores reflects the languages spoken in that locale.

## Store Environments

We strive to make our stores comfortable, navigable and consumer-oriented, especially for women, by featuring: lower-height shelving; wide, carpeted aisles with a clear pathway to the pharmacy; easy-to-understand store graphics and signage; and dedicated beauty areas with specialized beauty advisors.

## Accessibility for Customers with Disabilities

We provide shopping assistance and, in some areas, home-delivery services for customers with disabilities, and we meet or exceed the requirements of the Americans with Disabilities Act (ADA).

## Service for Non-English-Speaking Customers

Throughout our stores, we have Language Line translation services available to support customers in more than 120 languages, with Spanish, Mandarin Chinese and Vietnamese being the most common. In certain markets we are working to staff our stores with more multilingual employees. We provide prescription information printouts in English and Spanish, and some of our stores feature bilingual signage. Our customer services group is also able to engage translation services to better communicate with all customers.

## Product Accessibility

We provide prompt and efficient service to customers by dispensing all legally prescribed medications with respect and making retail and over-the-counter medicines easily accessible in all locations, except in those rare circumstances where state and federal regulations or loss prevention requires modifications. In those circumstances, we comply with applicable government regulations and company personnel are always available to explain company policy.



## Protecting Our Customers

At CVS Caremark, we believe our customer relationships are built on superior service and deep trust. We understand the responsibility our customers place with us regarding their health, thus we are committed to securely maintaining the privacy of our customers' personal and health information. We have extensive procedures, stringent policies and state-of-the-art technology in place company-wide to safeguard protected personal and health information, and we comply with HIPAA privacy requirements and other applicable state and federal laws.

We also adhere to industry standards and utilize a number of procedures to ensure the security of credit card information, guard against identity theft and prevent fraud. Our Information Security Office defines and implements enterprise-wide policies and has developed a security framework, which controls user authentication and authorization and includes intrusion-detection software and firewalls at all entry points to the network. All company laptop computers include encryption software.

Depending on the roles and responsibilities of employees across the organization, privacy (specifically HIPAA) and security training for employees covers policies and procedures, disclosure violations and physical and technical standards, as well as employee responsibilities and sanctions.

## Development of the Common Security Framework

In 2008, as a founding participant and Executive Council member of the Health Information Trust Alliance (HITRUST), we took a leadership role in the development of the Common Security Framework for the protection of health information. Released in early 2009, the new Framework represents an 18-month effort led by an integrated team of professionals from health care, professional services and information technology organizations. It is the first IT security control Framework developed explicitly for health care information.

In 2009, we will work with HITRUST to develop a set of tools and services aimed at protecting sensitive health information and reducing the risk of security and privacy breaches.

“We understand the responsibility our customers place with us regarding their health, thus we are committed to securely maintaining the privacy of our customers’ personal and health information.”

## Protecting Patient Privacy

In our retail operations, we protect patient privacy by maintaining consistent workflow safeguards and by effectively managing:

- **Pharmacy and patient interactions**—We use soft voices for conversations between pharmacy staff and patients; ask customers to provide their address so we can verify their identity; and train our staff on our policies and procedures for protecting patient privacy.
- **Pharmacy layout and design**—We set aside a specially designated area for patient and pharmacist consultations; install privacy shields on computer displays; and provide a physically secure pharmacy entrance for authorized personnel.
- **Secure disposal of confidential waste**—We are committed to being an industry leader in privacy matters and place a high priority on protecting our customers’ private information. We have comprehensive policies and procedures in place to effectively manage the proper disposal of confidential waste and have instituted a chain-wide shredding program for confidential waste.
- **Privacy notification**—We provide our privacy notices and policies on our Web sites and print our privacy policy in prescription monographs for first-time customers.
- **Privacy complaints**—We maintain a privacy office that responds to every privacy complaint with a set protocol that involves: processing, tracking, reviewing, making improvements and when appropriate, retraining or developing a corrective plan.
- **ExtraCare cardholder privacy**—We do not give or sell cardholder information to manufacturers or direct marketers. Cardholders are required to acknowledge our privacy statement and option to receive special offers.

Similar policies and procedures are in place to protect patient privacy at CVS Caremark’s mail order and specialty pharmacies and in our MinuteClinic operations, although they have been adapted to meet the unique workflows of these operations.



## Prescription Drugs and Retail Products

At CVS Caremark, we are committed to improving health outcomes for our patients and customers by ensuring the prescriptions and products we sell are safe, of high quality and cost-effective. We fill or manage more than one billion prescriptions per year, more than any other pharmacy services provider in the United States. In addition, through our CVS/pharmacy retail stores and online at CVS.com, we carry a wide array of products in the categories of health, beauty and household to meet the growing needs and preferences of our customers.

### Prescription Quality and Safety

Prescription safety is our highest priority at CVS Caremark. Every day, our pharmacists and pharmacy staff fill nearly two million prescriptions that help patients treat and manage their illnesses and maintain healthy lifestyles. Our processes for prescription and patient safety are continually being strengthened and improved upon through our focus on:

- Quality assurance
- The right resources
- The right technology
- Effective management of prescription recalls, returns and disposal

### Quality Assurance

All of our pharmacy operations, including mail order services and in-store pharmacies, follow comprehensive quality assurance processes for prescription safety and accuracy.



### Dispensing Process – Mail Service Pharmacy

The dispensing process employed in our prescription mail order service operations includes the following quality assurance measures:

**Enhanced quality control**—Bar-coded numbers are assigned to all order forms and prescriptions for automated tracking and to ensure that the proper medications are dispensed.

**Electronic imaging**—High-resolution scanned images are made of all hard-copy prescriptions, which eliminates lost correspondence and makes the dispensing process more efficient.

**Quality procedures for compounded prescription items**—We follow the highest standards of good pharmacy practice, including compounding medications one prescription at a time.

**Integrated system for eligibility verification and drug utilization review**—When orders are received, the plan participant's identity is checked against our integrated retail and mail service system to confirm eligibility status and the claim is adjudicated according to the client's plan.

**Final quality assurance check**—A separate registered pharmacist verifies all components of each plan participant's order prior to packaging. This includes comparing a high-resolution image of the contents in the container to a file image of the prescribed drug, as well as physically examining the container's contents.

### Dispensing Process – Retail

Our in-store pharmacies have well-defined processes in place to ensure accurate dispensing, including the following quality assurance dispensing measures:

**Accuracy scanning**—The National Drug Code (NDC) must be scanned on both the pharmacy bottle and the prescription label to ensure a match.

**Pharmacist verification screen**—Computer displays show the image of the pill being dispensed, identify pediatric and infant patients, and display the patient's age (not just date of birth).

**Drug Utilization Review**—Performed by the pharmacist to evaluate the appropriateness of therapy and check for drug interactions.

“Our effective systems and processes enable us to accurately fill hundreds of millions of prescriptions every year.”

**High Alert Medication Program**—Combining on-screen messaging with pharmacy shelf awareness stickers, in order to differentiate between look-alike and sound-alike medications.

**Refrigerated prescription bookmarks**—Refrigerated medications are stored with the patient's prescription and can be pulled together, while a “bookmark” is put in the waiting bin.

**Echo Check Box**—Enhanced entry screen provides a reminder to “echo” back and verify the drug, strength, prescription and indication for prescriptions that have been called in by a physician.

**Comprehensive quality assurance check**—A registered pharmacist verifies the accuracy of key patient, drug, and medication information prior to dispensing to the patient.

At our specialty pharmacies, we employ an additional, comprehensive review process to ensure medication appropriateness and conduct a complete plan participant assessment to ensure that no safety, administration or efficacy issues with the prescribed medication will arise.

Our effective systems and processes enable us to accurately fill hundreds of millions of prescriptions every year. In the rare event that a prescription error does occur through any of our prescription operations, it receives immediate attention by a pharmacy supervisor for follow-up, which typically includes:

- Contacting appropriate individuals affected by the event, such as patients, caregivers and prescribers.
- Submitting an incident report for analysis and investigating the incident to determine how it occurred.
- Taking necessary corrective measures to prevent future occurrences; potentially including re-training staff and, where needed, modifying our operating procedures.
- Tracking and reporting errors internally and adhering to reporting requirements of state pharmacy boards.

While the total number of prescriptions we fill has steadily increased, our overall number of prescription errors has declined. We continually improve our quality assurance measures to minimize the risk of errors, which now amount to a small fraction of one percent of total prescriptions filled.



### Pharmaceutical Supply Chain

The National Association of Boards of Pharmacy accredited the CVS Caremark distribution center in Indiana as the first U.S. retail pharmacy to be a Verified Accredited Wholesale Distributor (VAWD) in 2006. Today, all nine of CVS Caremark's pharmacy distribution centers have been VAWD accredited. The VAWD program is designed to preserve the safety and integrity of the pharmaceutical supply chain by providing assurances that wholesale distribution facilities operate legitimately, and employ appropriate security and best practices for the distribution of prescription drugs.

CVS Caremark only purchases drugs from pharmaceutical manufacturers or their authorized distributors. These suppliers must pass our stringent evaluation and approval process and adhere to our Vendor Quality Assurance Policy. In addition, CVS Caremark participates in a number of industry groups and initiatives that focus on improving the safety and security of the pharmaceutical supply chain. In 2008, we participated in both the global and U.S. health care teams for GS1 and the National Association of Chain Drug Stores Supply Chain Council.

### The Right Resources

Proper pharmacy staffing is an important factor in ensuring patient safety and prescription accuracy. Our retail pharmacy workflow system is designed to have the flexibility to safely accommodate a range of pharmacist-to-technician ratios. We use a variety of factors to determine the appropriate staffing ratios for each of our pharmacies, including prescription volume, types of prescriptions to be filled, levels of automation that exist, and state board of pharmacy regulations. If a state does not provide ratio guides, we typically maintain a 3:1 technician-to-pharmacist ratio. At least one pharmacist is required to staff the pharmacy counter in our stores at all times.

The role of our 25,000 pharmacists is to provide counseling to patients, oversee pharmacy technicians and dispense medicines safely, accurately and efficiently. While pharmacy technicians do not fill prescriptions, they do support pharmacists by entering data, managing the cash register, resolving insurance issues and managing inventory, all under the direct supervision of a pharmacist. In some states, pharmacy technicians must be registered or certified by the state pharmacy board. Our training program involves a rigorous curriculum that meets or exceeds the standards of state pharmacy boards. We require technicians to pass internal training at three levels as they advance their responsibilities and we encourage them to obtain national certification through the Pharmacy Technician Certification Board.

“CVS Caremark is a leading advocate for the adoption and use of e-prescribing technology, because we believe the direct transmission from prescriber to pharmacy leads to improved prescription quality, safety, and ultimately, improved health outcomes.”

### **The Right Technology**

CVS Caremark continuously invests in innovative, state-of-the-art technology and automation solutions that are integrated into our organized workflows, helping to ensure safety and accuracy in filling prescriptions.

### **e-Prescribing**

CVS Caremark is a leading advocate for the adoption and use of e-prescribing technology, because we believe the direct transmission from prescriber to pharmacy leads to improved prescription quality, safety, and ultimately, improved health outcomes. All of our facilities are equipped to accept electronically generated prescriptions. We are the only PBM with its own e-prescribing solution (iScribe®) and the first national pharmacy chain to have all retail pharmacies e-enabled.

### **Effective Management of Prescription Recalls, Returns and Disposal**

We have effective processes in place for immediately managing pharmaceutical recalls and safely handling the return and disposal of medication.

### **Prescription Recalls/Alerts**

To help ensure prescription safety and quality, we fully comply with all product alerts and recalls.

In 2008, the FDA issued an import alert for drugs from two Ranbaxy facilities in India that manufacture some of our products. We immediately informed our pharmacists about the FDA announcement, and in keeping with the direction of the FDA recommended consumers continue taking medication manufactured by Ranbaxy so as not to disrupt their drug therapy. While a recall was never issued, we continue to monitor the situation carefully and will follow the direction of the FDA in regard to any further action that needs to be taken.



### Handling Returns and Disposal of Pharmaceuticals

We have clear policies and procedures in place for all of our operations and adhere to all federal and state regulations regarding the handling of pharmaceutical and over-the-counter medicines returned for any reason by the customer.

Returned medication is kept in a quarantined area until it is picked up, processed and sent to a third party to be destroyed. A similar process is used for expired pharmaceuticals. Colleagues who are responsible for handling returned and expired drugs are trained on our policies and procedures as part of their orientation.

### Safe Consumer Disposal of Prescription Drugs

Proper consumer disposal of unused, unneeded and expired prescription drugs is a complex issue and an industry-wide concern. The pharmacy industry is starting to explore the feasibility of a take-back pharmaceutical program. Among the many complex factors to be sorted out are how to eliminate the risk of contamination and infection when drugs are returned from extremely sick patients, and how to store returned drugs in a secure location within the pharmacy. CVS Caremark is committed to working with our peers to develop an industry-wide solution.

In the meantime, we recommend that customers and patients follow the 2007 guidelines for the safe disposal of prescription drugs, which were issued by the White House Office of National Drug Control Policy, the Department of Health and Human Services, and the Environmental Protection Agency. Our specialty pharmacies also provide patients with instructions and kits for proper and safe disposal of their injectable medicines and related supplies.



## Prescription Access and Affordability

CVS Caremark is committed to making pharmacy services accessible and affordable. We work closely with patients and physicians to help identify affordable treatments, share information on innovative therapies, and manage a safe and effective pharmaceutical formulary.

### Generic Utilization

A generic drug contains the same active ingredients as its brand name counterpart, often at a lower cost. CVS Caremark has extensive generic substitution programs to provide clinically-appropriate medications that save consumers money, facilitating patient adherence to prescribed therapies. Our retail and PBM pharmacists are trained to counsel patients about generic medications and recommend generic alternatives where appropriate. We also have a number of initiatives aimed at educating customers about the benefits of choosing generics, including our Caremark Count on Generics® Program.

We advocate for cost savings through generics by participating in the Coalition for a Competitive Pharmaceutical Marketplace—an organization committed to improving consumer access to high-quality generic drugs; restoring a vigorous, competitive prescription drug market; and supporting legislation to eliminate legal barriers that prevent timely access to affordable, equally effective generic drugs.

### Informing Physicians about New Therapeutic Options

We provide physicians with information about the newest therapeutic options to help them determine the best treatment for their patients. At times we suggest the substitution of a brand name equivalent, or recommend a different therapeutic option for patients. Other than a permitted generic substitution, we obtain authorization by the patient's physician before making any change in the prescribed treatment. We understand and respect that physicians are in the best position to make treatment decisions regarding their patients.

“It is critically important to us that the products and pharmaceuticals we sell are safe, reliable and of high quality.”

### Maintaining an Effective Pharmaceutical Formulary

Access to life-saving medications is the heart of our business and we strive to provide CVS Caremark plan participants with a safe and effective prescription drug formulary.

We follow rigorous standards to maintain an independent, patient-first approach when deciding which drugs to place on CVS Caremark’s approved drug lists. Our Pharmacy and Therapeutics (P&T) Committee is charged with conducting a clinical review of all drugs, including generics, that are selected for inclusion on – and deletion from – the CVS Caremark Preferred/Primary Drug List. Our formulary list is typically updated every three months.

The decision to add or remove any drug is based first and foremost on the clinical merit of that product. A drug must be FDA approved (or exempt from FDA approval) to be considered for inclusion. The P&T Committee does not have access to, nor does it take into consideration, any information regarding rebates or negotiated discounts with pharmaceutical manufacturers or the net cost of the drug. The Committee does, however, consider drug utilization information in order to evaluate potential disruption to plan participants.

P&T Committee members consist of a diverse cross-section of actively practicing physicians and pharmacists as well as a medical ethicist. Voting members of the P&T Committee may not be CVS Caremark employees and they must disclose to the company any financial relationship or conflicts of interest with any pharmaceutical manufacturers. Committee members receive a flat compensation rate for their time and do not benefit from manufacturer rebates or other negotiated discounts.

### Product Quality and Safety

It is critically important to us that the products and pharmaceuticals we sell are safe, reliable and of high quality. We are also committed to working with suppliers who meet our standards and are responsible corporate citizens. Thus, we maintain stringent product and pharmaceutical supplier standards and a robust product quality assurance, safety and testing program.

## Overseas CVS Caremark suppliers are subject to random factory audits that assess compliance with ethical, security and legal standards, including:

Monitoring & Documentation	Disciplinary Practices	Access Control
Management Systems	Harassment or Abuse	Procedural Security
Child Labor	Compensation & Benefits	Personnel Security
Forced or Compulsory Labor	Hours of Work	Education & Training
Health & Safety	Sub-Contracting	Container Security
Right to Collective Bargaining	Environmental	
Non-Discrimination	Home Work	

### Supplier Ethics Policy

We seek suppliers that share our values, our promise to deliver outstanding service and our commitment to uphold the highest standard and level of integrity. CVS Caremark suppliers are required to adhere to our company's ethical standards, supplier requirements, and business processes, which are published on [www.cvssuppliers.com](http://www.cvssuppliers.com) and communicated in our Supplier Ethics Policy. As defined by this policy, suppliers must:

- Comply with our product quality and safety standards and requirements.
- Adhere to standards that restrict child labor and ensure a safe workplace for their workers.
- Pay workers a fair and legal wage and not withhold wages for coercive purposes.
- Conduct business in accordance with established legal and ethical standards.
- Adhere to import requirements of the United States Customs and Border Protection, and other government or regulatory agencies and programs.

Our Code of Conduct also addresses the procurement process, and requires employees to purchase only from reputable suppliers who meet our standards and comply with our Supplier Ethics Policy.

### Supplier Diversity Program

We are dedicated to developing procurement opportunities with a diverse community of suppliers. Our Supplier Diversity Program is founded on the principles of fair and equitable business practices. The goal of the program is to ensure that all suppliers have equal access to participate in our supplier programs. In order to qualify for our Supplier Diversity Program, the supplier should meet Minority Women Enterprise and Small Business Administration criteria or be certified by authorized governing bodies such as the National Minority Supplier Development Council or Women's Business Enterprise National Council.

### Quality Assurance, Safety and Testing Process

CVS/pharmacy follows a standard process to ensure product quality and safety. We utilize a third-party company to provide the technical expertise and day-to-day management of our quality assurance testing program at all levels – from production to use.

“All imported products, in the form of final production samples, are tested for quality, safety and performance prior to our purchase.”

We take customer complaints very seriously and conduct return testing on products that do not meet our customers' expectations for quality or CVS Caremark's performance and safety standards. If we discover a product is unsafe, we remove the product from our store shelves and discontinue sale. Moving forward, we will work with our Product Development Managers to establish a continuous process improvement program based on customer and employee feedback.

### **CVS Brand Products**

The manufacturing of CVS Brand products is contracted through third-party vendors who are required to comply with all applicable laws and regulations. All CVS Brand products are evaluated annually and reviewed for their ingredients and performance.

CVS Brand personal care products are not tested on animals and do not use any ingredients in their formulations that are considered by the FDA to make a product “adulterated,” such as: bithionol, mercury compounds, vinyl chloride, zirconium, chloroform, or unapproved coloring agents.

### **Imported Products**

All imported products, in the form of final production samples, are tested for quality, safety and performance prior to our purchase.

To ensure our global supply chain partners are in compliance with our Supplier Ethics Policy and abide by social, legal and trade security standards, CVS Caremark utilizes a third party auditing firm to monitor supplier adherence and conduct audits of foreign factories from which we directly purchase imports. We believe that our social accountability standards are consistent with standards set by the International Labour Organization and our security standards reflect guidelines established by Customs-Trade Partnership Against Terrorism.



## Cosmetics and Personal Care Products

### CVS/pharmacy Cosmetic Safety Policy

CVS/pharmacy is dedicated to improving the lives of those we serve through innovative and high-quality health and pharmacy services. That is why we are dedicated to staying abreast of new conclusive research related to cosmetic safety, to assessing findings that demonstrate a linkage between certain health and environmental risks and specific chemical ingredients used in beauty and personal care products, and to evaluating how these findings impact the products we sell.

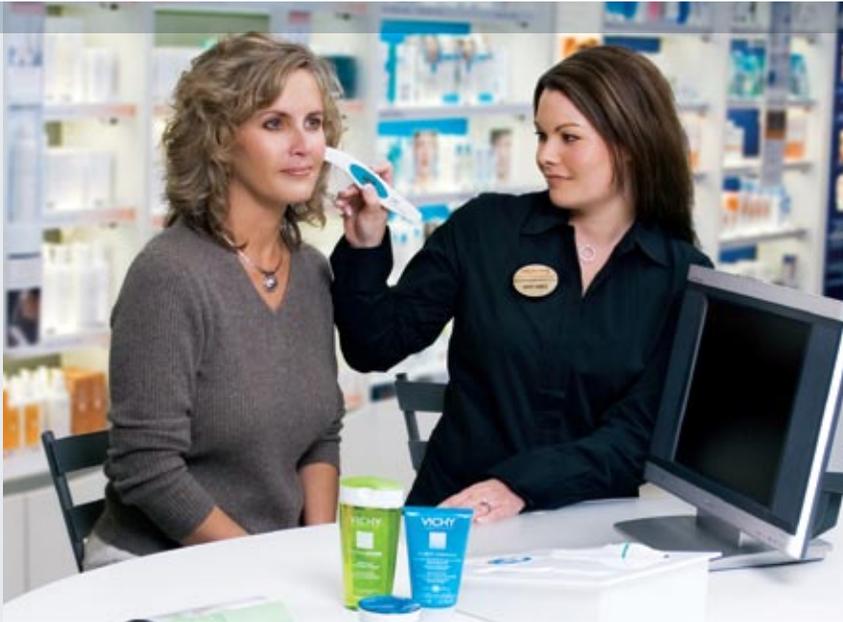
We are committed to:

- Providing our customers with innovative products from around the world that have been hand-selected and tested by CVS/pharmacy health experts and that meet or exceed regulatory standards.
- Building relationships with partners who can help educate us on scientific research and developments related to ingredients of concern in cosmetic products.
- Continuously evaluating our CVS/pharmacy Brand and private label products based on new research findings.
- Surveying the manufacturers of the cosmetic products we sell to understand their protocols for ensuring cosmetic safety.
- Developing action plans to replace ingredients of concern in our branded and private label products when safer alternatives are available and prompting similar action by our manufacturer partners.
- Educating consumers on our cosmetic safety standards and on product evaluation tools that will enable them to take an active role in maintaining good health.

### Cosmetics Safety

We require our cosmetics vendors to supply CVS/pharmacy with products that comply with:

- Our Cosmetics Safety Policy
- List of banned substances including hexachlorophene, mercury compounds, chlorofluorocarbons, bithionol, chloroform, halogenated salicylates, vinyl chloride, zirconium and methylene chloride



CVS/pharmacy Healthy Skincare Centers offer an array of dermatologist-supported and clinically tested skincare lines. Our experienced Beauty Advisors also offer skin analysis that helps our customer determine the best skin care regimen for her needs.

- Applicable regulations, including those governing product composition and ingredient restrictions, such as volatile organic compound (VOC) content
- Certain packaging requirements, such as child-resistant packaging on specific products

We use the following processes to evaluate vendor compliance and ensure cosmetics safety:

- Products must be formulated to ensure they present no risk of contamination and each production batch must be tested to meet our product specifications.
- Product ingredients are identified and each ingredient is reviewed by CVS/pharmacy toxicologists based on available safety information before it is considered for sale. We maintain a comprehensive database of historical product and ingredient information to assist with this process.
- Colorants are confirmed to ensure they are acceptable for use by FDA requirements related to cosmetics use.
- Clinical testing is performed to assess and confirm skin compatibility, including determination that the final product formulation will not cause irritation, and substantiate product clinical claims.
- Documentation is reviewed to confirm products contain no Bovine Spongiform Encephalopathy (BSE) derived materials and no materials are from at-risk counties known for BSE.
- Tests for lead, bisphenol A, and phthalates are conducted to ensure they are below or absent as dictated by regulatory requirements.

To further ensure safety and promote education across the retail industry, our cosmetic scientists participate in industry-wide and professional organizations and consult with third-party experts on specific questions related to ingredient and product safety.



### Natural Beauty Products

We strive to meet customer preferences and provide a wide range of product choices, including natural cosmetics. CVS/pharmacy promotes and carries natural beauty brands, some that meet European Union (EU) standards and some that have signed the Compact for Safe Cosmetics including: Avalon® Natural Products, Burt's Bees®, Giovanni® Organic Cosmetics and Lavera.

### Earth Essentials Products

In 2008, we built on our larger efforts to offer natural and environmentally-friendly products with the introduction of Earth Essentials, our new eco-friendly product line that is completely biodegradable and includes paper products made with 100 percent recycled fibers and plates and bowls made entirely from natural and renewable sugarcane. The products, which are designed to completely biodegrade, were endorsed by Greenpeace. The selection of paper products made with recycled fiber includes napkins, toilet tissue and paper towels.



All CVS/pharmacy Brand products and all beauty products are 100% satisfaction guaranteed or your money back. If you are dissatisfied for any reason, you can return the CVS/pharmacy Brand or beauty product (opened or unopened) along with your receipt or invoice and we will refund the full purchase price—no questions asked.

## Product Integrity

### Managing Product Recalls and Returns

At CVS/pharmacy, we have an immediate response plan and process in place for effectively managing product integrity-related recalls, including:

- Notifying internal and external stakeholders.
- Removing products from the shelves at all of our stores, distribution centers and our Web site.
- Ensuring that technological solutions are activated to block accidental sales.
- Educating colleagues on recalls.
- Posting in-store recall posters, when appropriate.
- Returning recalled items to the respective manufacturer for proper disposal.

Across the enterprise, we have similar, comprehensive procedures in place for managing pharmaceutical recalls and market withdrawals.

### Disposal of Expired Products

We take the issue of dated merchandise very seriously. We have a product removal policy and train our store employees to ensure we do not offer products for sale after their expiration date. Our stores carry as many as 30,000 different types of products, and often have well over 100,000 individual items on their shelves – each of which must be checked manually. While no labor intensive process of this kind is immune from error, we strive to achieve 100 percent compliance with our policies. In 2008, we instituted new policies to check for expired products in our distribution centers and made changes to better enable our field managers to monitor this issue in individual stores.



## CVS Caremark: A Great Place to Work

At CVS Caremark, we recognize the important role our colleagues play in improving the quality of our patients' and customers' lives. Whether it's assisting a time-starved mother of four in finding just the right medicine to soothe her ailing child, or helping businesses help their employees lead healthier lives, our colleagues are making a meaningful difference in people's lives each and every day.

We support our colleagues by fostering a respectful and supportive work environment. Our efforts are consistently recognized by leading organizations focused on workplace best practices. Recent special recognition for CVS Caremark included the following:

- Recognized in 2008 for Workforce Initiatives with U.S. Chamber of Commerce Business Civic Leadership Center (BCLC) Finalist Corporate Leadership Award
- Received 2008 Pioneer Award for Leadership in Employer-Assisted Housing, given by Homes for Working Families
- Received 2008 State of Ohio Governor's Office of Workforce Investment Board's Employer of the Year Award
- Received 2008 African American Contractors Association Education & Training Award
- Ranked #20 on Employers for Careers & the disABLED magazine's 2009 list of top 50 companies
- Scored 90 out of 100 on the 2009 Corporate Equality Index, issued by the Human Rights Campaign

## Employee Engagement Measurements 2008



73 percent of colleagues would recommend CVS Caremark as a place to work



66 percent of colleagues feel they are recognized for good work

## Listening to Our Colleagues

Listening to our colleagues' feedback is an important part of our culture. Employee feedback is solicited regularly, both formally and informally, so we can improve the working environment and enhance our customers' experience. Various channels exist for colleagues to provide feedback, including our annual employee engagement survey and our Compliance and Integrity program.

### Employee Engagement Survey

Our employee engagement survey measures the connection our colleagues have to their teams and how engaged they are in our company's success. Higher levels of engagement are associated with increased productivity, longer retention rates and a better customer experience – all factors that contribute to our long-term growth and success.

We use the survey's results to understand what a best place to work means to our colleagues, identify opportunities for improvement and track our progress over time.

In June 2008 we conducted our first company-wide survey since the CVS Caremark merger. In total, we received feedback from more than 153,000 employees – approximately 87 percent of our total workforce. Overall, the results of the 2008 survey found that:

- 83 percent of colleagues say they are proud to work for CVS Caremark.
- 86 percent of colleagues are willing to give extra effort to help CVS Caremark succeed.
- 66 percent of colleagues feel they have sufficient access to career-development opportunities.

The survey results are shared internally. To ensure anonymity, tailored results are only provided to managers with five or more direct reports. Managers then develop a customized action plan for their specific store or department to address key focus areas uncovered by the survey.

We also learned from employee feedback, especially from our female colleagues, that they did not like the standard uniform worn in CVS retail stores. Upon learning this, we invited employees to participate in a redesign of uniforms, which were introduced in early 2009.

“Our employee engagement survey measures the connection our colleagues have to their teams and how engaged they are in our company’s success.”

### Ongoing Dialogue

Beyond our annual survey, we encourage feedback in other ways. For instance, after our new store colleagues complete their orientation process, we solicit their first impressions of the company culture. In 2008, their feedback led to several improvements to the orientation program that will launch in 2009, in conjunction with new diversity training.

### Moving Ahead

In 2009, we will continue to expand our employee engagement efforts by:

- Creating additional opportunities for our colleagues to provide constructive feedback.
- Conducting employee focus groups to further identify what a best place to work means to our colleagues and how we can achieve it.

### Compliance and Integrity Program

We are committed to fostering a work environment that encourages employees to act with integrity and supports open dialogue on issues related to compliance. As part of our Compliance and Integrity Program our colleagues can report their concerns by:

- Anonymously calling the confidential CVS Caremark Ethics Line. A separate line is also available for those who are deaf and hard of hearing.
- Faxing, e-mailing or writing to the Office of Compliance and Integrity.

### Recruiting and Retaining Talent

Our company has been a leader in creating public and private partnerships that enable us to recruit talented and diverse colleagues from the communities where our facilities are located. Our approach includes leveraging relationships to cultivate diverse talent, encouraging students to pursue a pharmacy career and attracting and retaining mature workers (aged 50 and older).



## Workforce Initiatives

Through our workforce initiatives, we partner with government agencies, nonprofits and educational institutions that support our hiring needs and provide underserved populations with job opportunities. These initiatives include:

- CVS Regional Learning Centers
- Welfare-to-Work
- Pathways to Pharmacy
- Job Corps Pharmacy Technician Training Programs
- Workforce Development Partnership Programs

### CVS Regional Learning Centers

One-Stop Career Centers, established by the federal government in 1998, provide assistance for job seekers. In 2000, CVS/pharmacy joined forces with One-Stop Career Center in Washington, D.C. by adding a CVS Regional Learning Center inside the center – creating the first government/corporate One-Stop partnership in the nation. Since then we have opened five more Regional Learning Centers in major cities, including a new Boston location in 2008, and installed mock CVS stores in each one, where training is delivered to both new and current colleagues.

### Welfare-to-Work

We began our Welfare-to-Work training program in 1996, and have since hired more than 65,000 people who had been on public assistance. In 2008, 7,500 people were hired through this program. More than 60 percent of colleagues hired since the program's inception are still actively employed, and a majority of them have been promoted more than once.

### Pathways to Pharmacy

Through our Pathways to Pharmacy program, our nationwide internship program designed to help disadvantaged youth take a first step toward a pharmacy career, we are looking to introduce one million inner-city and rural youth to pharmacy careers. We anticipate these job opportunities will generate up to \$4 million in wages by 2010.

“At CVS Caremark, mature workers are an important asset to our workforce and our business. They contribute to our customers’ in-store experience, help to set an example for our younger workforce and serve as mentors to their less experienced colleagues.”

Pathways to Pharmacy is aligned with America’s Promise Alliance, community groups and schools. Program participants receive training, mentoring and support, including financial assistance for pharmacy school. Ultimately, the program creates opportunities for future employment with CVS Caremark.

Training and funding opportunities are also offered to our colleagues to help them become pharmacy technicians and pharmacists. Since the program’s creation in 2000, it has served more than 10,000 high school students in more than 40 cities. In 2008, CVS Caremark provided scholarship opportunities and expanded Pathways to Pharmacy to serve new students in Nashville, Phoenix and Kansas City.

### **Job Corps Pharmacy Technician Training Programs**

Since 1999, CVS/pharmacy has teamed up with Job Corps to establish pharmacy technician training programs in a number of locations. Job Corps is a free education and vocational training program, administered by the U.S. Department of Labor, that helps economically challenged young people get a better job and take charge of their lives.

Through these programs, CVS/pharmacy has trained more than 1,250 young people to become pharmacy technicians, and of those, 90 percent have passed the national certification test to become certified pharmacy technicians. Many of the participants are now working in CVS/pharmacy locations. In 2008, more than 500 young people participated in this program.

### **Other Initiatives**

In addition, CVS Caremark has a number of other programs aimed at meeting our pharmacy staffing needs, as well as supporting individuals’ professional and personal goals. These initiatives include:

- Pharmacy Interns
- CVS Career Prescriptions for Success (CAPS)
- Mature Workers
- Snowbird Programs
- Prescriptions for Homeownership



### Pharmacy Interns

Almost four years ago, CVS/pharmacy took a basic intern program and upgraded it to meet the changing demands facing pharmacists. The program provides pharmacy students with a support network and matches them with the right mentors and preceptors. Among our pharmacy interns, an average of 75 percent become CVS pharmacists after they graduate.

### CVS Career Prescriptions for Success (CAPS)

CVS Career Prescriptions for Success is a program designed to build interest in pharmacy jobs among Detroit residents, especially in areas where unemployment is high. Participants have the opportunity to apprentice as pharmacy associates or technicians. The program also provides assistance and training to current workers to help them advance their careers.

### Mature Workers

At CVS Caremark, mature workers are an important asset to our workforce and our business. They contribute to our customers' in-store experience, help to set an example for our younger workforce and serve as mentors to their less-experienced colleagues.

Through our mature worker partnerships and programs, we have increased the number of colleagues who are 50 or older. Today, roughly one in five CVS Caremark employees is aged 50 or older. Some of our mature workers have been with the company for years, while others have joined the company as a second career – sometimes choosing to work just part-time.

CVS Caremark's Mature Worker programs were profiled in many national, regional and trade news outlets on the mature workforce trend, and the company's workplace best practices, including *The New York Times*, *the Wall Street Journal*, *MSNBC.com* and *Business Week*.

## Shape Up RI

In 2008, 322 colleagues participated in Shape Up Rhode Island, a 12-week exercise and weight loss competition.



### Snowbird Program

We offer a flexible snowbird program, which allows our colleagues to temporarily transfer to a different CVS/pharmacy location on a seasonal basis. In 2008, more than 1,000 colleagues, most of them mature workers, were “snowbird employees.”

### Prescriptions for Homeownership

CVS Caremark helps to strengthen local communities in Los Angeles, Chicago, Cleveland, Detroit and Washington, D.C. through our Prescriptions for Homeownership program, which is designed to aid our long-standing employees in the purchase of their first home. We provide eligible employees (those who have been with the company for two years or more) with \$500 to use for the purchase of a home, and partner with American First Credit Union and local faith-based organizations to offer employees special loan products with flexible features and down payment and closing cost assistance. To prepare employees for the challenges of homeownership, we also conduct financial literacy and homebuyer education workshops at local CVS training centers. Since the program’s founding in 2005, we have helped more than 75 employees close on their homes.

### Moving Ahead

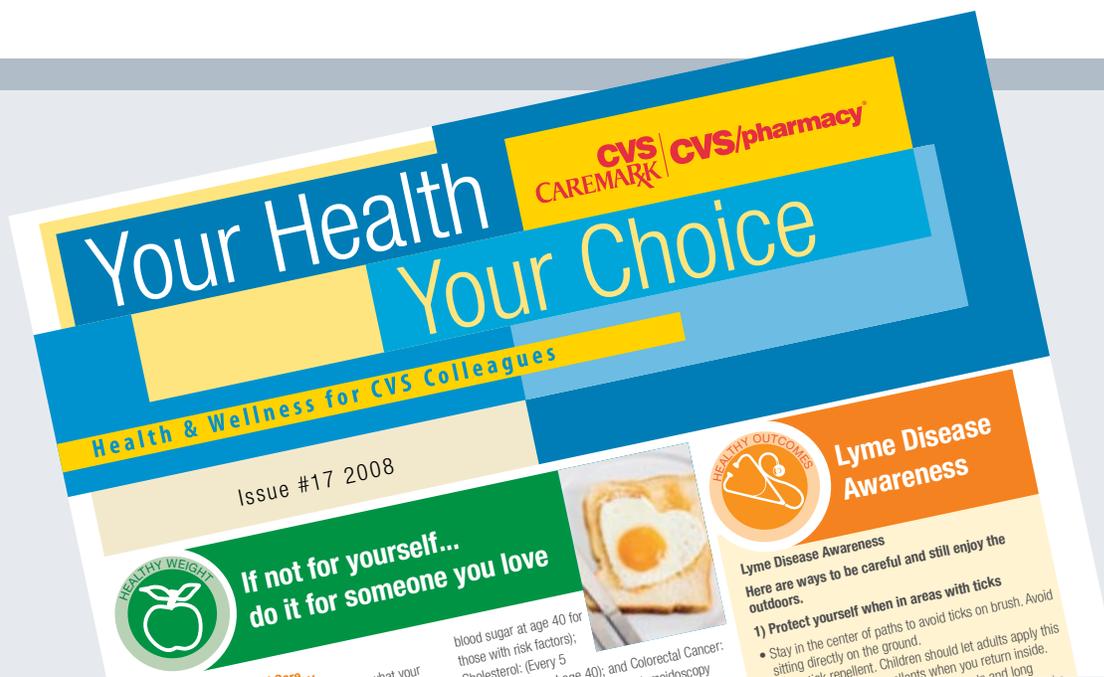
Expansion of current recruiting and retention programs will be our focus in the future. In 2009, we plan to:

- Continue expansion of *Pathways to Pharmacy* into new locations.
- Formalize and expand official mentoring opportunities for our mature colleagues in new markets.
- Increase use of *Prescriptions for Homeownership* program among our employees.

## Offering Competitive Benefits

Our company is committed to the health and financial security of our colleagues and offers a comprehensive benefits package, including personalized health care and investment options. Wages paid reflect the knowledge and experience required for a specific job.

Our part-time colleagues are eligible for a limited benefits package that includes medical, dental, vision and life insurance that are paid for by the colleague on a pre-tax basis. Full-time colleagues, those working an average of 30 hours per week or more (23 hours per week in CA), are offered a full benefits package, which includes a 401(k)



and Employee Stock Ownership plan; comprehensive medical, prescription and dental coverage with contributions payable on a pre-tax basis, including prescription coverage; flexible spending accounts; tuition reimbursement; and an employee discount.

## Wellness Program: Your Health Matters

In 2008, we expanded our wellness program, Your Health Matters, to improve the quality of our employees' health and that of their dependents. As part of this effort, a variety of health initiatives, such as smoking cessation, nutrition, physical activity, flu shots and stress management, were added or enhanced.

Your Health Matters is part of a 2008 through 2010 plan that sets new "CVS Healthy" goals for our company and employees. The plan will be updated each year to include new initiatives and to measure our progress against three-year goals. Under the current plan we are working to achieve the following goals by December 2010:

- Engage 20 percent of employees who smoke in our *Healthy & SmokeFree* program
- Engage 50 percent of employees who are overweight or obese in a *Healthy Weight* program
- Engage 40 percent of employees in *Healthy Mind*, our new stress-management program
- Increase the mammogram and colon cancer preventive screening rate by at least five percent each year for a total increase of 15 percent
- Engage 80 percent of pregnant employees or dependents in the prenatal maternity management program

Overall, our strategy is twofold: encourage colleagues to be good consumers of health care and to choose healthier lifestyle options. Employees are educated about making better decisions through a variety of resources, including Care Advocate Teams of dedicated nurses, decision support tools, self-directed DVD programs, our quarterly wellness newsletter, the CVS Health Care Hub, health assessments such as Better You™ and disease management programs, among others. Lifestyle change programs utilize several methods to help colleagues to improve health behaviors, including onsite telephonic seminars, private face-to-face or telephonic coaching, rewards for community weight loss solutions, cafeteria "stop-bys," online health improvement programs, and Shape Up the Nation exercise competitions.

“Most colleagues who are promoted to field management positions are graduates of the Emerging Leaders Program. In 2008, the Emerging Leaders Program prepared more than 160 colleagues for District Manager, Region Manager and Pharmacy Supervisor roles.”

We use a variety of communication methods to inform and encourage employees to participate in Your Health Matters. In addition to printed materials, such as posters, brochures and mailers, we provide information to employees on a public Web site, [www.cvshealthcarehub.com](http://www.cvshealthcarehub.com) and on the company intranet.

We also support Wellness Committees comprised of “champions” from each of our locations with more than 100 employees. Each of these locations has a Wellness Station that includes a bulletin board with various monthly health topics, a blood pressure machine and a scale. In locations with e-mail access, we broadcast a monthly calendar of events promoting upcoming wellness programs, such as exercise classes, biometric screenings or wellness campaigns. In several locations, we also utilize internal television screens to broadcast health improvement initiatives in high-traffic areas.

### Moving Ahead

In 2009, we will continue to support our colleagues and provide a healthy work environment, while also increasing our efforts to better understand their health needs. Specific goals include:

- Support our colleagues' health by making our corporate headquarters a Smoke-Free Campus.
- Survey our employees in a Health Risk Questionnaire to better understand their health needs and allow colleagues to share their information with their Primary Care Providers.
- Help employees become mindful, intuitive eaters by introducing *Am I Hungry?*, a new paradigm in weight management that is not a diet.
- Encourage more employees to participate in healthy behaviors by expanding Shape Up Rhode Island to a nationwide program.
- Track and report on our progress to achieve healthy goals.



## Training and Career Development

All CVS Caremark employees receive training – from our pharmacy staff to store colleagues, as well as our colleagues in other divisions of the company. Nearly 50 training and development programs exist across the company, including our Emerging Leaders Program. Promoting from within is another way we help our colleagues advance their careers.

### Emerging Leaders Program

First introduced in 2001, the Emerging Leaders Program works to develop the skills of our high-performing store managers, pharmacists and pharmacy supervisors and other field managers who are potential candidates for promotion. Participants attend development sessions that focus on leadership competencies and building functional skills and knowledge. They are also provided with on-the-job development opportunities to further enhance their leadership skills. Throughout this process they have access to coaching and development experiences to support their training.

Most colleagues who are promoted to field management positions are graduates of the Emerging Leaders Program. In 2008, the Emerging Leaders Program prepared more than 160 colleagues for District Manager, Region Manager and Pharmacy Supervisor roles.

### Promoting from Within

When filling new or vacant positions within our company, we strive to look internally first so our colleagues have opportunities to progress their careers. In addition, colleagues can work on their own career development options through CVSLEARNet, an online resource that helps them access, track and manage their career development at CVS Caremark. For example, in 2008, more than 70 percent of field management job openings were filled with internal candidates.



In September 2008, nine colleagues were recognized with the CVS Caremark Paragon Award—two from the PBM, six from retail and one from MinuteClinic.

## Recognizing And Rewarding Hard Work

We have a number of recognition programs to reward and inspire our colleagues. Employee recognition is at the center of our efforts to engage the hearts and minds of our people.

### Paragon Award

Each year, we recognize our company's best and brightest store and operations colleagues with the CVS Caremark Paragon Award. This award, the highest honor a colleague can achieve within our company, is reserved for individuals who make remarkable contributions on the job or in their community. Our Paragons, as they are called, have embraced their role in helping to improve the quality of human life and inspire others to do the same. The example they set each day helps our entire organization to succeed.

## Respecting Colleagues' Rights

Our workplace policies provide for equal employment opportunities, and strictly prohibit discrimination or harassment on the basis of age, gender, gender identity or expression, marital status, sexual orientation, race, color, religion, national origin, veteran status, military status, disability or any other characteristic protected by federal, state or local law.

## Health and Safety

We are committed to creating a safe environment for our associates and customers by reducing the risk of injuries. Safety programs for our facilities, including stores, mail-order facilities and distribution network sites, are intended to meet or exceed regulatory standards wherever we do business.

With our acquisition of Longs Drugs and Rx America in 2008, the Health and Safety department is enhancing processes and procedures to proactively respond to and provide clear guidance on key safety behaviors. The Health and Safety department at CVS Caremark will create visibility to the safety direction at all levels of the organization, and ensure compliance with applicable regulatory requirements.



## Commitment to Diversity and Inclusion

We believe a commitment to diversity means being inclusive of all people, regardless of age, gender, gender identity or expression, family status, race, ethnicity, religion, disability, sexual orientation, appearance, thought or mannerisms. Our collective differences make us a better company and help us better meet the needs of the diverse customers we serve.

### CVS Caremark Diversity Profile

64.4%	Women in total workforce
32.3%	People of color in total workforce
35.8%	Percentage of women and people of color in senior management positions (directors and above)
79%	Percentage of colleagues who agree or strongly agree with the following statement, "CVS Caremark today has a diverse workforce and an environment of acceptance and inclusion."

### Diversity Recruiting

We employ pharmacists from all walks of life and who reflect the very communities we serve. Our recruitment strategy involves reaching out to universities and other institutions serving minority populations. We also engage recruitment agencies that specialize in sourcing diverse talent and senior managers have a performance goal measuring the diversity of their recruitment practices.

### Diversity Council

Since 2001, our company's Diversity Council, a group of individuals representing different functions across the enterprise, has helped to guide our overall diversity strategy. This includes efforts to attract and retain women and people of color. In addition, the Council has launched and developed a number of initiatives including:

- Diversity awareness training for all leaders who manage others
- Market research, through employee and customer surveys, to inform our diversity initiatives
- The inclusion of diversity metrics within the performance goals of all managers and above



#### Inclusive Leadership Behaviors:

In 2008, our Diversity Council worked to define and integrate the following inclusive behaviors into the CVS Caremark competency models that serve as the foundation of our talent planning and development initiatives.

- Demonstrates an unbiased approach to others by exhibiting courtesy, respect and appreciation for the diverse ideas, experiences and contributions of every colleague.
- Takes specific action to correct discriminatory or inappropriate behaviors or comments in a timely manner.
- Sets an example for the organization through inclusive hiring, development and advancement of the best talent.
- Seeks to understand and appreciate the perspectives of colleagues and stakeholders who have a range of different backgrounds, experiences and styles in order to build alignment.
- Builds a diverse team to achieve the best results.
- Provides opportunities for, and encourages others to participate in, skill-building activities that promote an inclusive work environment.
- Makes time to be personally visible and engaged with colleagues.
- Sets and upholds performance expectations in a fair and consistent way.

The Council continues to evolve in shaping an ever-growing and dynamic company culture. Some of the more recent concepts initiated through the Council have addressed multi-cultural marketing demands, and the formation of a supplier diversity structure.

#### Area Diversity Leadership Teams

In 2005, our research clearly indicated that our colleagues measure the company's commitment to diversity based on the leadership practices they observe from their local management. As a result, Area Diversity Leadership Teams were formed in 2006 with the purpose of driving accountability to senior field management for leading diversity efforts.

Currently, there are nine teams comprised of senior managers in the field who meet regularly, within their respective markets, to incubate new ideas, ensure fair treatment of all colleagues, foster inclusive behaviors and lead by example. In 2008, we launched our first corporate diversity leadership team in the IS department at the Customer Support Center. As a result, our



most recent company employee engagement survey yielded positive scores in measures of employees' awareness of the company's efforts to build a diverse workforce and an environment of acceptance and inclusion.

### Diversity Training

In 2007, we committed to offering more diversity training opportunities for our employees and developed a specific diversity curriculum in 2008 as part of the customer service skills training. The training was geared for our hourly colleagues at the store level. Employees will begin to receive this diversity training as part of their onboarding process in 2009.

### Employee Networking Groups

Our Employee Networking Groups support the diverse needs and interests of our colleagues. Each group creates annual business plans focusing on individual career development, mentoring opportunities and community volunteerism.

Today, there are 11 Employee Networking Groups in our major retail markets, and five at our corporate office in Woonsocket, R.I. The groups serve women, African Americans, Latinos, Asians, mature workers and GLBT colleagues. Membership in each group is open to any employee who supports the mission of a given group.

### Moving Ahead

Integrating diversity and inclusion efforts in support of our organization's Vision, Mission, Values and business imperatives remains a priority. In 2009, we will:

- Work to ensure that we provide hiring, development and advancement opportunities to women and people of color across our company.
- Embed diversity practices into business units and departments through coaching, collaboration and key work initiatives.
- Champion and expand Diversity Leadership Teams and Networking Groups across the organization.
- Broaden employee participation in company-sponsored diversity events.
- Integrate or expand supplier diversity efforts across the enterprise.



## Where We Live and Work

Giving back to our communities is an important part of our culture. As our company has grown, so has the size and scope of our giving. In 2008, we contributed \$39 million in cash and in-kind contributions to enhance the quality of life in our communities. Our corporate giving programs include monetary grants, in-kind donations, volunteerism, in-store fundraising, our CVS Samaritan Van, and funding for health care research. In addition, we provide support through grants to deserving organizations from our foundation, the CVS Caremark Charitable Trust.

While the company supports a variety of important issues and causes, our primary focus is helping to make life easier for children with disabilities. Through a program called CVS Caremark All Kids Can™ which we developed with input from customers, colleagues and nonprofits, CVS Caremark raises awareness about the importance of inclusion of children of all abilities and strengthens the capacity of our partner organizations that serve children with disabilities and their families by providing them with grants and other resources.

### CVS Caremark Corporate Giving

#### CVS Caremark Community Grants Program

The CVS Caremark Community Grants program awards monetary support to nonprofit organizations for programs targeting children with disabilities, focusing on health and rehabilitation services, public schools promoting a greater level of inclusion in student activities and extracurricular programs, and initiatives that give greater access to physical movement and play.

Additionally, grants target organizations that provide uninsured individuals with needed care, in particular programs where the care received is of higher quality and delivered by providers who participate in accountable community health care programs. In 2008, we provided 429 CVS Caremark Community Grants, totaling \$1.4 million.



## In-kind donations

CVS Caremark makes in-kind donations of products, services and other resources. In 2008, our product donations were in the millions of dollars and most of our in-kind donations were targeted to Feeding America (formerly America's Second Harvest) and Gifts in Kind International. We also worked with the American Red Cross to provide nearly \$1 million in aid to hurricane and flood victims in the Gulf Coast and Midwest.

## Volunteerism

Our CVS Caremark colleagues have shown a strong desire to help their communities, and CVS Caremark supports their efforts. Since we first launched CVS Caremark All Kids Can™ in 2006, our colleagues have embraced opportunities to actively participate in this program and, in 2008, together they logged the equivalent of \$1.4 million in volunteer hours. Among other activities, we engage our colleagues in participating in company-sponsored projects and programs in their local communities, such as Easter Seals Walk With Me events, Boundless Playgrounds projects and VSA arts programs.

## CVS Samaritan Vans

For nearly 30 years, the sight of a CVS Samaritan Van on the highway has been a welcome relief to motorists in distress. In 2008, we assisted more than 76,000 motorists across the country as we provided free roadside assistance to commuters in 11 major cities. We underwrite the annual cost of the CVS Samaritan Van program, which totaled nearly \$2 million in 2008.

People who were assisted by a CVS Samaritan Van include 267 people walking along the roadway who were relocated to safe locations and 20,345 motorists whose vehicles stopped along the roadway and required automotive assistance. A total of 605,811 miles were traveled in response to the incidents reported in 2008.



Barry Rich from Store #4972 in Attalla, Ala. presented the principal of the elementary school in Gadsden with the \$1,000 that he received through the CVS Caremark Volunteer Challenge Grant Program. Barry is a volunteer tutor at the school, and the money will be used to help build a new playground.

## In-Store Fundraising

### St. Jude Thanks and Giving Campaign

St. Jude Children's Research Hospital® is a pediatric treatment and research facility that has changed the way the world treats children with cancer and other catastrophic diseases. CVS Caremark participates in the St. Jude Thanks and Giving Campaign, an in-store point-of-sale fundraising program. During this three-week campaign that extends through the holiday season, our colleagues in our stores contribute and encourage customers to add \$1 to their purchase at the register in support of St. Jude's life-saving research.

In 2008, we raised \$5.2 million for St. Jude, bringing our fundraising total to more than \$13 million dollars since 2004. CVS has made a seven-year, \$16 million commitment to the hospital for the expanded CVS Caremark All Kids Can™ Rehabilitation Services Center, which is slated to open in summer of 2009. The expansion is the beginning of a long-term vision to improve rehabilitation services by enhancing the department's clinical care, research and educational capabilities in order to become a world leader in pediatric oncology rehabilitation education.

### ALS Therapy Alliance "Researching a Cure"

Since 2002, CVS Caremark has supported the ALS Therapy Alliance's research efforts to find a cure and treatment for Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease.

In 2008, CVS Caremark teamed up with the ALS Therapy Alliance for the seventh consecutive year to raise money in the fight against ALS. This year's ALS Therapy Alliance "Researching a Cure" in-store campaign, which ran from June 8 to June 28, 2008, was a huge success, raising \$4.4 million. Our colleagues are credited with much of the success, as their enthusiasm inspired many of our customers to support the cause. Since launching the annual campaign in 2002, more than \$15 million has been raised.

## Health Care Research

CVS Caremark also supports organizations engaging in health care related research. In what will be one of the industry's most comprehensive reviews of the issue of prescription adherence and compliance, CVS Caremark awarded a grant to Harvard University and Brigham and Women's Hospital for a collaborative project with CVS Caremark to better understand why people who receive prescriptions for the treatment of acute and chronic

## Volunteer Challenge Grants

In 2008, our CVS Caremark colleagues volunteered 76,838 hours for community service projects. We recognize and reward this commitment to community through our Volunteer Challenge Grants program. The Challenge Grant program enhances the impact of our colleagues' volunteerism by providing financial support through our Charitable Trust to nonprofit organizations. A total of 252 grants, ranging from \$250 to \$2,500, and totaling \$271,250 were distributed in 2008.

illnesses either never purchase their medications or abandon prescription therapy before it is complete. The CVS Caremark and Harvard collaboration will also study how therapeutic complexity—where individuals may be prescribed multiple medications for the treatment of chronic illnesses—makes it more likely a person will stop taking one or more of their medications. This major study will also review the effect that e-prescribing and the provision of financial incentives through benefit plan design may have on whether a patient follows their prescribed therapy.

## CVS Caremark Charitable Trust

The CVS Caremark Charitable Trust, a private foundation, is funded solely through contributions from CVS Caremark. The Charitable Trust uses these funds to make grants directly to nonprofit organizations that are focused on serving children with disabilities and help to advance the vision of our CVS Caremark All Kids Can™ program. The Trust also supports nonprofits providing health care to the uninsured. In 2008, \$4.2 million in grants were awarded to 92 nonprofit organizations from around the country supporting children with disabilities and those who are under-insured and uninsured. Additional Trust grants are provided to pharmacy schools, the CVS Caremark Volunteer Challenge Grant Program (see above) and scholarship programs for our colleagues' children. The following programs were supported by the CVS Caremark Charitable Trust in 2008:

### Pharmacy Scholarships and Building Projects

As the leading pharmacy health care company in the U.S., we believe we have a responsibility to cultivate students who want to pursue a career in the pharmacy field. We provide financial support for scholarships and building projects at pharmacy schools across the country and in 2008 awarded nearly \$1 million in grants from the CVS Caremark Charitable Trust to continue this work.

### CVS Caremark Employee Scholarship

We distribute annual scholarships funded by the CVS Caremark Charitable Trust to children of our colleagues. Applications are reviewed by an independent panel of judges based on academic achievement, as well as other indications of talent and leadership qualities, including extracurricular activities, work experience and community service. In 2008, we received 825 applications and 180 students received a scholarship of at least \$1,000 toward his or her college or university tuition.



## CVS Caremark All Kids Can™

Established in 2006, CVS Caremark All Kids Can™ is focused on serving the six million children with disabilities in the country. The program is a five-year commitment of \$25 million to help create opportunities for children of all abilities to learn, play and succeed. To date we have contributed more than \$42 million to our nonprofit program partners and engaged thousands of our employees through CVS Caremark All Kids Can™. In 2008, the program awarded \$18 million in grants to local, regional and national nonprofit partners, which comprised 63% of CVS Caremark's total corporate giving.

### Our Impact

CVS Caremark All Kids Can™ aims to raise awareness about the importance of inclusion; improve the ability of children with disabilities to learn, play and interact with peers; and strengthen the capacity of our partner organizations through grants and other resources.

### Our Partners

To advance the work of CVS Caremark All Kids Can™ in 2008, we continued to work closely with our lead nonprofit partners: Easter Seals, VSA arts and Boundless Playgrounds. We also added two partners that will help us increase awareness of disability and inclusion issues through the powerful medium of television – the Award Winning PBS KIDS GO!™ Series ARTHUR® and ABC's Extreme Makeover: Home Edition.

## Evaluating our Impact

Through CVS Caremark All Kids Can™, we are focused on improving outcomes related to access and services for children with disabilities, and building broader awareness about the importance of inclusion for all kids.

In 2008, we developed a new measurement model to evaluate the impact and effectiveness of the program. Since the program's inception, more than 2.8 million lives have been positively impacted through CVS Caremark All Kids Can™, including those of children with disabilities and their parents, caregivers, siblings and teachers. In 2008 alone, we served nearly 118,000 children and had an indirect effect on more than one million people in their support system.

This report established a baseline measure for our efforts and will inform our continued program measurement. In addition to the output measures that are already in place, we defined four impact measures that will help enhance our ability to determine the program's success in addressing and supporting the issue. The four new measures include:



“The CVS Caremark All Kids Can Program represents corporate social responsibility at its best. All Kids Can assures that children of all abilities are playing, learning and succeeding together. Children with disabilities, those who love and care for them, as well as others in their communities – from their peers and playmates to their teachers and future employers – have been blessed with the introduction of the program, the impact of which promises to continue throughout the lifetime of all it touches.”

- James E. Williams, Jr.,  
Easter Seals President and CEO

## Easter Seals

Easter Seals, a leading nonprofit serving individuals with autism, developmental, physical and mental disabilities and other special needs, has been a CVS Caremark All Kids Can™ national partner since the program’s launch. More than \$4 million has been given to the organization, including \$1.1 million from the CVS Caremark All Kids Can™ Fund to support services in 30 cities nationwide and a \$500,000 gift to support Metropolitan Chicago’s Therapeutic School and Center for Autism Research, which opened in the fall of 2008.

In 2008, the CVS Caremark Charitable Trust awarded \$350,000 in CVS Caremark All Kids Can™ program grants to 10 Easter Seals affiliates, two of which are highlighted below:

*Easter Seals Indianapolis received grants to expand opportunities for 132 children with autism and other disabilities to attend Easter Seals Crossroads’ specialized summer day camp and therapy experiences.*

*Easter Seals New York received a grant to enhance the Project Explore Child Development Center in Valhalla through the introduction of the CVS Caremark All Kids Can™ Sensory Integration Room for children living with autism and other developmental disabilities.*

We are also the national premier sponsor of Easter Seals Walk With Me events which take place across the country. More than 6,000 of our colleagues supported Easter Seals by participating in or raising funds to support the walk in 2008. Over the past three years, funds raised by CVS Caremark Walk With Me Teams have increased from \$350,000 in 2006 to \$1.2 million in 2008.

### SOCIAL IMPACT

Did we improve the ability of children with disabilities to learn, play and interact with peers?

Did we raise awareness about the importance of inclusion for children of all abilities?

### GRANTEE IMPACT

Did we strengthen the capacity of our partner organizations through grants and other resources?

### COLLEAGUE IMPACT

Did we engage employees through program volunteer and fund-raising opportunities?

### BRAND IMPACT

Did we strengthen the CVS Caremark brand through the program?

Moving forward, CVS Caremark will capture the data to track progress against the output and impact metrics. In addition, we plan to develop a “mini-model” so that our grantees can use our work to evaluate their own impact.



"Children have enormous creativity and a great desire to share their creations with others. VSA arts and CVS Caremark All Kids Can share a commitment to promoting individual creativity, shared community experiences, and including children with disabilities. This partnership enables us to work together to provide new opportunities for all children."

- Soula Antoniou, President of VSA arts

## VSA arts

VSA arts is a national nonprofit that promotes access to the arts for all people and encourages youth to express themselves through artwork. Our partnership launched in 2007 and expanded in 2008 as we joined together in a comprehensive national campaign to expand arts-based programming for children with disabilities. The All Kids Can... Create! campaign is one component of our three-pronged initiative with VSA arts:

### Call to Create

VSA arts issues a nationwide call for art that encourages children and youth to share their creativity. Representative pieces are selected for inclusion in an exhibition in Washington, D.C. that tours nationally for two years. In 2008, VSA arts received more than 300 artwork submissions from across the country from children with and without disabilities.

### Call to Innovate

Through VSA arts affiliates, teaching artists work with students and their teachers in eight-week residency programs. In 2008, we placed artist-in-residence programming in nine cities, from San Antonio, Texas to Detroit, Mich.

### Call to Participate

Our colleagues volunteer with VSA arts state affiliates on community activities and events, which raise awareness about the importance of art for all. In 2008, dozens of our colleagues participated in activities and events that took place in 17 states, including Alabama, California and Ohio, among others.

*"This was a chance for Grace to be recognized for her ability, not her disability. It was thrilling to see others amazed by our 'Amazing Grace.' As parents, we couldn't have been more proud for her. It was exciting to see a company like CVS Caremark have an awards ceremony for children with disabilities."*

*- Dawn, the mother of Grace, a VSA arts participant whose art was selected for the National Art Exhibit held in Union Station in May 2008*



“With goals and missions that are so closely aligned, CVS Caremark and Boundless Playgrounds are working together to build inclusive playgrounds for children of all abilities through groundbreaking initiatives. The generous support of CVS Caremark has allowed Boundless Playgrounds to bring the dream of truly inclusive play to over 40 communities throughout the United States.”

- Frederick A. Leone, CEO, Boundless Playground

## Boundless Playgrounds

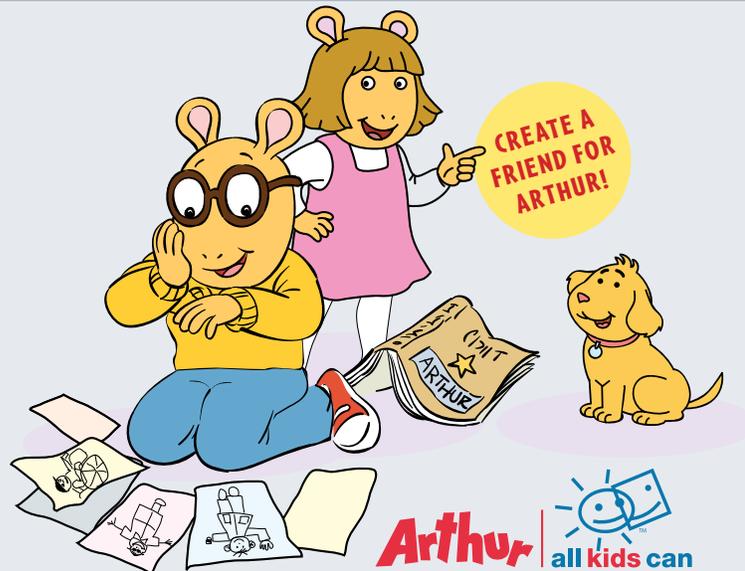
Boundless Playgrounds is the first national nonprofit to create barrier-free playgrounds for all children to enjoy. We have been working closely with the organization since 2005 to bring more playgrounds to children across the country.

In 2008, we contributed \$750,000 for new Boundless Playgrounds in Dallas, Texas and Los Angeles, Calif. which both opened in 2008; and in Boston, Mass., which is scheduled to open by mid-2009. We will continue supporting this important work in 2009, as we help build Boundless Playgrounds in Hartford, Conn.; Houston, Texas; and Colerain, Ohio.

We also launched a grant program in 2008 with Boundless Playgrounds to help communities provide adequate playground surfacing, completing the mission of making their playgrounds truly accessible. In 2009, we will be working with 15 different communities that are close to achieving their fundraising goal to help them close the funding gap needed to complete their playground projects.

*“With generous support from CVS Caremark and guidance from Boundless Playgrounds, I had the opportunity to build a special place where my daughter doesn’t have to wonder if she can play. Freedom Playground is a place where Sarah and other children of all abilities are free to be.”*

*-Stefani Busansky, Mother and Community Leader, Tampa, Fla.*



## Award Winning PBS KIDS GO!<sup>SM</sup> Series ARTHUR<sup>®</sup>

In 2008, we teamed up with ARTHUR<sup>®</sup>, the award-winning PBS KIDS GO!<sup>SM</sup> television series, to further educate children about disabilities and the importance of inclusion. ARTHUR<sup>®</sup> celebrates the value of accepting and including kids with different abilities through characters who face challenges such as blindness, autism or dyslexia.

We are working with PBS to promote a message of inclusion to a larger audience by launching a search for a new character that will show the ARTHUR<sup>®</sup> gang that children come in all shapes, sizes and abilities. The "ARTHUR All Kids Can<sup>™</sup> Character Search" invited children to send in a drawing of their character as well as a description of what makes him or her special and unique. More than 8,500 entries were received in response to the challenge. The child with the winning idea will be featured on the ARTHUR<sup>®</sup> show in 2009.

In addition to the Character Search, we worked with PBS to develop educator materials for teachers and librarians to guide conversations in their classrooms about differences among children. This expanded on the school-based outreach we began in 2007 when we created a classroom curriculum activity with Scholastic, which gave educators the opportunity to integrate inclusion and disability awareness in the classroom.

## ABC's Extreme Makeover: Home Edition

We teamed up with ABC's "Extreme Makeover: Home Edition" to assist deserving families who are caring for loved ones with disabilities.

For example, in one episode, filmed in 2008, we traveled to Mobile, Alabama to help the Gaudet Family, a family of eight who is very involved in their community, often putting the needs of others before their own. CVS/pharmacy assisted the family by paying off medical debt and making a significant donation to Camp Smile, an organization that was very important to the family. We also made a donation to the local Easter Seals chapter, where the mother works, to establish the Gaudet Family Literacy Center. In 2009, we will continue our partnership with ABC and participate in several additional episodes.



## Charitable Events

We also sponsor charitable events as a way to raise awareness and funds for nonprofit organizations that support children, families, education and wellness in the Rhode Island and Southeastern Massachusetts area.

### CVS Caremark Charity Classic

The CVS Caremark Charity Classic is one of the most prestigious and largest charitable sporting events in New England and is held annually in Barrington, R.I. Since the inaugural event in 1999, the CVS Caremark Charity Classic has helped raise and distribute more than \$12 million in charitable donations, including \$1.8 million raised in 2008, to various nonprofit organizations. Among the 86 organizations that received funding from The Classic were Boys & Girls Clubs of Providence, American Heart Association and City Year.

In response to the economic challenges we saw in 2008, \$360,000 was earmarked for organizations in the local community that provide food, shelter, health services and heat assistance to help our neighbors get through these tough times.

### CVS Caremark Downtown 5K

The CVS Caremark Downtown 5K is the largest road race event in Rhode Island. Participants of all levels, abilities and ages come to Providence in September to compete and have fun. The 2008 CVS Caremark Downtown 5K raised a record-breaking \$225,000 that was awarded to more than 50 nonprofit organizations and schools in Rhode Island and Massachusetts. More than 8,000 registered runners, walkers and wheelchair athletes participated in the race and helped bring the total tally of funds raised during the nine-year sponsorship to \$1 million.

## CVS Caremark Environmental Commitment

As a company dedicated to improving the lives of those we serve through innovative and high-quality health and pharmacy services, we understand the need for a healthy environment, and are committed to fostering a culture of environmental responsibility within our company and throughout our supply chain.

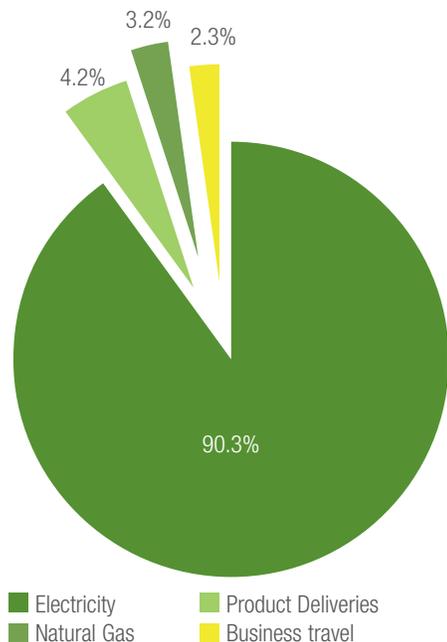
In all aspects of our business, we will strive to:

- Utilize natural resources as efficiently as possible.
- Minimize our carbon footprint throughout our supply chain and enterprise.
- Reduce our waste streams by leveraging opportunities to reduce, reuse and recycle materials.
- Consider the lifecycle impacts of our products and work with our suppliers to do the same.
- Heighten consumer awareness of healthy and sustainable products.
- Engage our colleagues in efforts to minimize the company's environmental footprint.

## Measuring Our Carbon Footprint

In our 2007 report, we stated our intent to measure and evaluate the impact of our carbon footprint, establish a clear baseline from which to track our progress at reducing emissions, and prioritize opportunities to reduce and manage the impact of our business operations.

In spring 2008, we commissioned the Massachusetts Institute of Technology (MIT) to establish a valid methodology for calculating our company's emissions on an annual basis. We used 2007 data to set a baseline and calculate the company's carbon footprint for the first time. We have since updated our carbon footprint with 2008 data (see graph). Both analyses were calculated in accordance with the specifications of the Greenhouse Gas Protocol, published by the World Resources Institute, and the World Business Council for Sustainable Development (WBCSD).

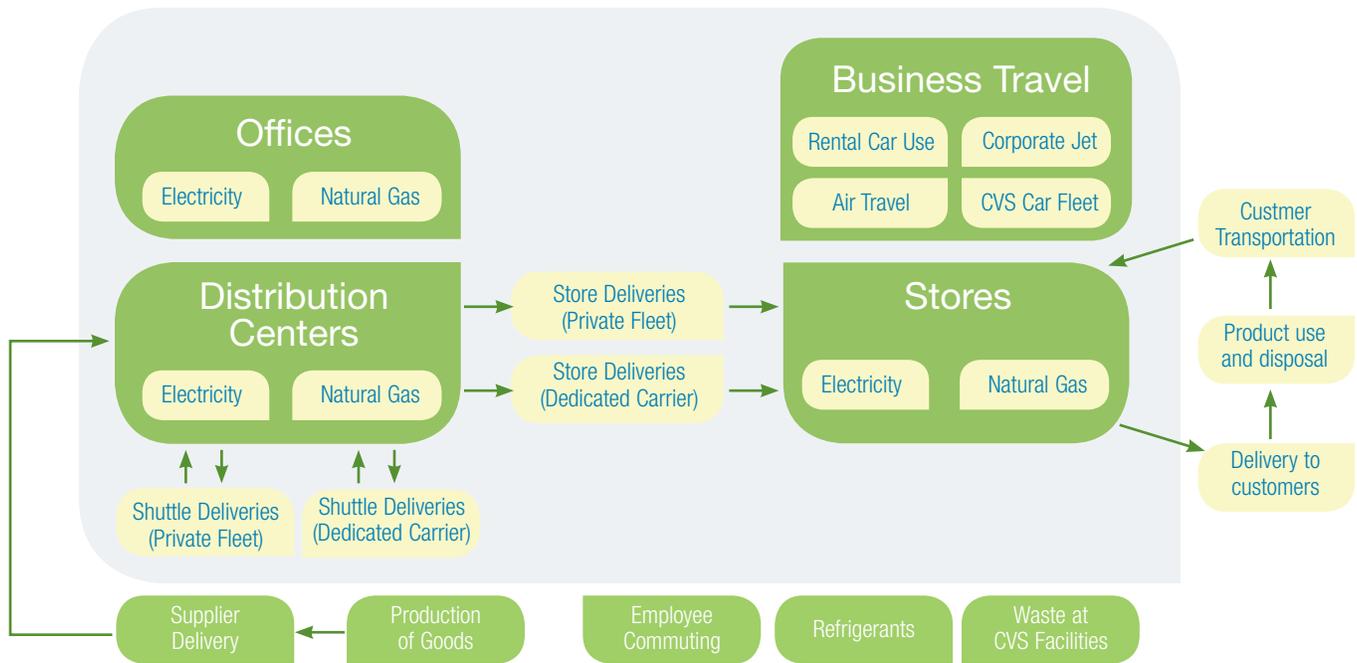


### Our Impact

The 2008 carbon footprint for CVS Caremark is approximately 1.56 million metric tonnes of carbon dioxide equivalent emissions, 90.3 percent of which is generated by the consumption of electricity. The remaining emissions result from product deliveries (4.2%), natural gas usage in facilities (3.2%), and business travel (2.3%). When compared to 2007, 2008 emissions increased by 1.6 percent, our square footage increased by 6.3 percent and our emissions per square foot declined by 4.4 percent.

At CVS Caremark, we are committed to reducing our footprint in a manner that benefits our customers, our employees and the planet. We understand and acknowledge the impact our business has on the environment, and are focused on managing the energy and waste generated by our business operations.

Our green initiatives are governed by our Environmental Leadership Council, a cross-functional team of senior leaders representing the entire enterprise – from store design and logistics to merchandising and our mail-order pharmacy. Established in 2008, the Council is responsible for defining and implementing CVS Caremark’s environmental strategy, establishing short- and long-term priorities and recommending future actions to advance the company’s environmental commitment.



## What We Measure

The boundary set for our carbon footprint calculation was based on available data and industry standards, as defined by the WBCSD. We included energy used in all of our stores, distribution centers and offices as well as emissions from business travel and product deliveries controlled by CVS Caremark. However, the data does not include emissions resulting from waste disposal and use of refrigerants at CVS facilities. We will work to capture and integrate this data into future calculations.

“Improving energy efficiencies across our enterprise remains a priority for CVS Caremark.”

### Moving Forward

Even before we measured our carbon footprint, we were implementing green solutions to lessen our impact on the environment. With this new data, we will integrate initiatives into an even more focused and comprehensive approach. In 2009, we plan to:

- Continue to measure and report our carbon footprint.
- Work with other retailers to share best practices and identify additional opportunities to reduce greenhouse gas emissions.
- Establish a long-term carbon reduction goal.

### Increase Energy Efficiencies

Improving energy efficiencies across our enterprise remains a priority for CVS Caremark. Because the majority of our operations are focused on retail, many of our environmental initiatives are tied to reducing our energy consumption and achieving greater efficiencies for our store operations.

In 2008, we invested in energy management initiatives with cost savings that resulted in benefits for both our business and the environment, including:

- Improvements to lighting
- Integrated energy management
- Sustainable building design and construction
- Enhancements to transportation equipment and distribution processes

### Improvements to Lighting

In 2008, we worked to reduce energy consumption across our distribution network and retail facilities by managing our usage during peak power demands and introducing more efficient lighting sources. We also continued efforts to educate our facility managers and engineers on energy efficiency and the importance of conservation.

## 2008 projected annual kWh savings from DC lighting projects

<b>Lumberton, N.J.</b>	<b>Ennis, Texas</b>	<b>Bessemer, Ala.</b>
2,556,384 annual kWh saved	1,291,906 annual kWh saved	3,490,469 annual kWh saved

**Total – 7,338,759 kWh annual saved**

### Distribution Centers

In 2008, we continued to audit energy usage at our distribution centers and have installed a combination of light and motion sensors, and replaced the metal halide, high pressure sodium and T-12 lighting with T-8 and T-8 HO fluorescent lighting. This year, we implemented our new lighting concept at three additional facilities: Lumberton, N.J.; Ennis, Texas; and Bessemer, Ala. distribution centers. Our goal is to continue to identify and address lighting efficiencies across our distribution network in facilities where opportunities to achieve business and environmental benefits exist.

### Retail Stores

We continue to evaluate and pursue initiatives to increase energy efficiencies through the use of LED lighting in our CVS/pharmacy stores. In 2008, we piloted LED lighting sources for outdoor signs at select stores, with favorable results. Reducing lighting overall is another alternative we will explore on an ongoing basis. In the past year, we have examined opportunities to reduce or eliminate backlighting in our Beauty and refrigerated aisles.

### Integrated Energy Management

CVS Caremark operates different types and sizes of facilities in climates that range from the cold temperatures of Maine to the heat of Arizona. The carbon footprint evaluation process has improved our understanding of the different energy usage patterns that occur in our stores, distribution centers and administrative offices across the country. However, in order to closely monitor and adjust our energy usage on both a micro and macro level, we need to invest in sophisticated energy management tools.

In 2008 we began to explore the feasibility of a centrally-operated, computer-controlled energy management system for our store fleet. In 2009, we will test this concept in select stores, cluster energy data to identify trends, and determine if the benefits of this system warrant nationwide implementation.

### Sustainable Building Design and Construction

For the past several years, our teams have been participating in LEED (Leadership in Energy and Environmental Design) training programs to learn about the latest developments in clean and efficient building materials and technologies. We are working with experts to incorporate LEED standards, ENERGY STAR principles and sustainable best practices in our design and construction of new CVS/pharmacy stores and other company buildings.

## “CVS Caremark is working to manage fuel consumption from both a cost and environmental perspective.”

Overall, our intent is to ensure our footprint and ongoing operations are sustainable and appropriate for each local environment. Among other elements, our new store design process includes aligning sites with existing public transportation points, installing bike racks, planting native vegetation and providing recycling containers for use by customers and store staff.

Sustainability considerations are behind many of the fixtures and materials selected for new stores or remodels of existing facilities – from Interface carpet squares and other flexible flooring products that can be recycled to improved roofing materials that control reflective and absorbed heat loads. We consistently evaluate solar and wind energy alternatives, and we strive to utilize natural lighting, energy efficient T-8 lamps, light and motion sensors, and other technologies in our new distribution centers and stores. In 2008, we applied this approach to our Woonsocket, Rhode Island distribution center by replacing the facility’s existing ballasted roof in the shipping area with a FiberTite<sup>SM</sup> reflective membrane and installing energy efficient prism skylights.

As we expand our footprint into new geographies, we will continue to evaluate green technologies that make sense for the local environment.

### Enhancements to Transportation Equipment and Distribution Processes

CVS Caremark is working to manage fuel consumption from both a cost and environmental perspective. We strive to improve efficiencies within our distribution network by:

- Maintaining a fleet of modern, fuel-efficient vehicles.
- Having an aggressive refresh program of both tractors and trailers.
- Ensuring our drivers maintain a speed that is optimal for safety and the environment.
- Working with our truck vendor on alternative, environmentally-conscious options.
- Using new electric-powered, refrigerated trailers and forklifts.
- Enforcing a no-idling policy at our distribution centers to reduce noise and air pollution.



In 2008, our Logistics group completed two major transportation initiatives that reduced total miles driven and improved fuel economy within our distribution network. The first initiative involved the recalibrating of speed governors, built-in microchips that allow a truck engine's top speed to be preset, on our outbound delivery trucks to reduce maximum speeds to 63 miles per hour or less. This investment resulted in fuel savings equal to 145,065 gallons. The second initiative was a routing optimization and cube program, designed to increase load utility and decrease fuel consumption by reducing the number of routes per distribution center, which was piloted in one location.

## Moving Ahead

Identifying, testing and implementing sustainable solutions will continue to be our primary approach to achieving energy efficiency across our operations. In 2009, we plan to:

- Increase lighting efficiencies by retrofitting our facilities in Bessemer, Ala.; Orlando, Fla.; Novi, Mi.; Somerset, Penn.; and Conroe, Texas.
- Install LED lighting for outdoor signs at all new stores and begin a retrofit program as we convert acquired Longs Drugs stores to CVS/pharmacy stores.
- Begin construction on a new energy efficient distribution center to better serve our Longs Drugs stores in Hawaii.
- Continue to increase fuel savings by expanding our routing and cube optimization program to additional distribution centers and investing in new tractors that have the ability to heat and cool without utilizing fuel when drivers are on break.
- Conduct testing to determine the viability of enhancing our forklift equipment with new fuel cell technology.



## Reducing and Managing Waste

Reducing waste and improving efficient use of materials across our footprint is a priority for CVS Caremark. We consistently review and re-examine existing processes to identify new ways we can reduce, reuse and recycle—the heart of our approach to minimizing our waste stream.

### A Commitment to Reduce

We utilize a variety of measures to reduce waste and focus on opportunities to minimize impact at each stage in the lifecycle of CVS products – from creation and distribution to use and disposal. Evaluating and implementing ways to reduce unnecessary packaging and material inputs is a first step in this process.

We consistently ask our suppliers to eliminate excess overwrap, shrink wrap and inner packing materials before goods are shipped to our distribution centers. We also encourage them to use recycled cardboard. Our Logistics group delivers nearly all goods to our stores in reusable plastic totes, reducing the need for corrugated transit packaging. Additionally, products sold through CVS.com are shipped directly to our customers using minimal packing materials.

### A Commitment to Reuse

CVS has been utilizing reusable plastic totes for more than 30 years. The totes are used to deliver products from distribution centers to our stores, thus replacing the need for corrugated boxes. Each tote, on average, is used 250 times. In 2007, we began exploring with our tote manufacturers a new initiative to create a next generation tote. We would like these totes to be:

- Made of recycled materials.
- Equipped with lids that use newly developed plastic pins instead of metal pins.
- Repurposed at the end of their life cycle, by shredding, pulverizing and then reusing the old material in new plastic totes.



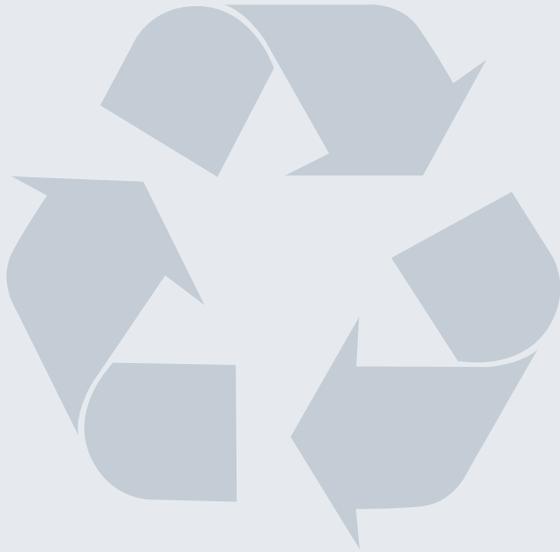
### CVS/pharmacy Reusable Shopping Bag

We want to encourage our customers to adopt behaviors that can help us – and them – conserve materials and resources. In 2008, we introduced a non-woven, CVS/pharmacy reusable shopping bag. The new bag, available for purchase at our retail stores, is made of polypropylene fibers that can be recycled or naturally decomposed. Each bag has the potential to eliminate an average of 1,000 plastic bags over its lifetime.

For customers who prefer to take home their purchases in a plastic shopping bag, we offer plastic bag recycling at certain stores, and comply with all state and local recycling regulations.

### CVS Caremark Greenbox

In 2008, CVS Caremark Specialty Pharmacy piloted a program to enable our patients who are prescribed specialty pharmaceuticals with cold-chain storage requirements the opportunity to pick-up their prescription at their local CVS/pharmacy. Very often, given the handling requirements of these medicines, patients awaiting the delivery of their medication had to make arrangements to be at home to accept the delivery, which could be inconvenient and disrupt their day-to-day routine. This alternate delivery system is enhanced due to an environmentally-friendly thermal management shipping system, called Greenbox. This delivery system is based on state-of-the-art technology, utilizing reusable and recyclable organic-based materials. The Greenbox can be used up to 100 times, enabling CVS Caremark to meet a customer need while also implementing environmentally friendly technology. The program will be expanded nationwide in 2009.



“Recycling is another method we use to reduce the amount of solid waste generated by our business operations.”

### A Commitment to Recycle

Recycling is another method we use to reduce the amount of solid waste generated by our business operations. Our efforts in this area include:

- Recycling cardboard packaging and pallets at every distribution center.
- Using the multiple bailers installed in each distribution center to compress corrugate and prepare it for recycling.
- Maintaining a national account with Rand Whitney for recycling compressed corrugate.
- Placing recycling bins in workspaces and conference rooms to collect and recycle paper.
- Ensuring our cafeterias collect and recycle paper, cans and plastic bottles.
- Exploring opportunities to recycle stretch wrap film at multiple facilities operated by our Logistics group.

## Proper Management and Disposal of Hazardous Waste

At CVS Caremark, we take our responsibility seriously when it comes to the safe and proper disposal of hazardous materials, and comply with existing regulations. Within our distribution network, we have a comprehensive process in place that involves:

- Using our Web-based visibility tool to accurately identify products containing substances of concern and then determining appropriate protocols and regulations for safely handling, storing and transporting these products through our distribution network.
- Segregating products containing substances of concern into adequately protected areas within our distribution centers.
- Keeping our transportation department informed of regulations and requirements that govern the safe transport and shipping of sensitive products.
- Using a combination of national and regional third-party providers to safely dispose of our hazardous waste.
- Training our associates on the appropriate process for handling and disposal of hazardous materials.
- Reporting incidents involving hazardous materials, should they occur in our facilities.
- Conducting annual reviews of all safety systems.

### Moving Ahead

Reducing and managing both hazardous and non-hazardous waste remains a focus. In 2009, we plan to:

- Continue to identify and implement opportunities to reduce waste in product packaging and our business operations.
- Introduce an incentive program that encourages customers to utilize CVS/pharmacy or their own reusable bags.
- Pilot a single source recycling program for our northeast facilities with a waste management vendor and expand recycling options to additional distribution centers.
- Ensure consistent management of our hazardous waste handling and disposal process across our enterprise and comply with applicable regulations.

## About This Report

CVS Caremark's Corporate Social Responsibility (CSR) Report provides an overview of the company's social and environmental commitments, initiatives and related performance data for 2008. In some instances, we have referenced events or activities that began in 2008 but continued to evolve or were implemented in early 2009.

CVS Caremark recognizes the value of universally accepted standards for this type of voluntary reporting. The Global Reporting Initiative (GRI) is one of the most accepted frameworks, and served as a general guide in determining some of the content and performance metrics to include in our 2008 report. More information on GRI is available at [www.globalreporting.org](http://www.globalreporting.org).

We also revisited and refined the issues assessment we conducted for our 2007 report. This process, which is described below, helped us identify other material topics for inclusion in the 2008 report.

### Issues Assessment to Determine Materiality

Our process for determining materiality involved examining a variety of sources both internal and external in order to identify issues of most relevance and importance to the company and its stakeholders. Some of the sources included:

- Company objectives, strategies, policies, programs and risk factors
- Internal and external publications, documents and presentations
- Customer and patient feedback
- Shareholder resolutions
- Media coverage and blog discussions of issues
- Industry trends and issues

After reviewing these sources, we compiled a matrix of issues and prioritized each one based on the following criteria:

- The importance of the issue to and potential impact on CVS Caremark
- The importance of the issue to and potential impact on our stakeholders
- The amount of reasonable control CVS Caremark has over a particular issue

Based on our assessment, and a review of the GRI Guidelines, we determined that the material issues of greatest importance to CVS Caremark and our stakeholders, which the company has a reasonable level of control over, fall into six categories: Corporate Governance, Environment, Workplace, Products, Customers, and Community.

## Reporting Year

CVS Caremark fiscal year 2008 (December 30, 2007 to December 31, 2008), unless otherwise noted.

## Information Integrity

CVS Caremark management is responsible for the preparation and integrity of the information in this report. The metrics and goals in this report are established and measured by the groups responsible for achieving them. Through a system of internal controls, including a review process involving internal subject matter experts, we believe this report accurately and fairly represents our CSR activities, programs and results for the fiscal year ending December 31, 2008. The report was reviewed and approved by members of CVS Caremark senior management. However, this report has not been externally audited or verified.

## Your Feedback

This report is an important tool for communicating our corporate social responsibility performance and progress. Your feedback is important to us as we continue to look for ways to improve our reporting and provide you with the information you need. Please submit your feedback to [CSR@cvs.com](mailto:CSR@cvs.com).

## Preparation of this Report:

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This report contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For these statements, the company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The company strongly recommends that you become familiar with the specific risks and uncertainties outlined under the caption "Cautionary statement Concerning Forward-Looking Statements" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2008.



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