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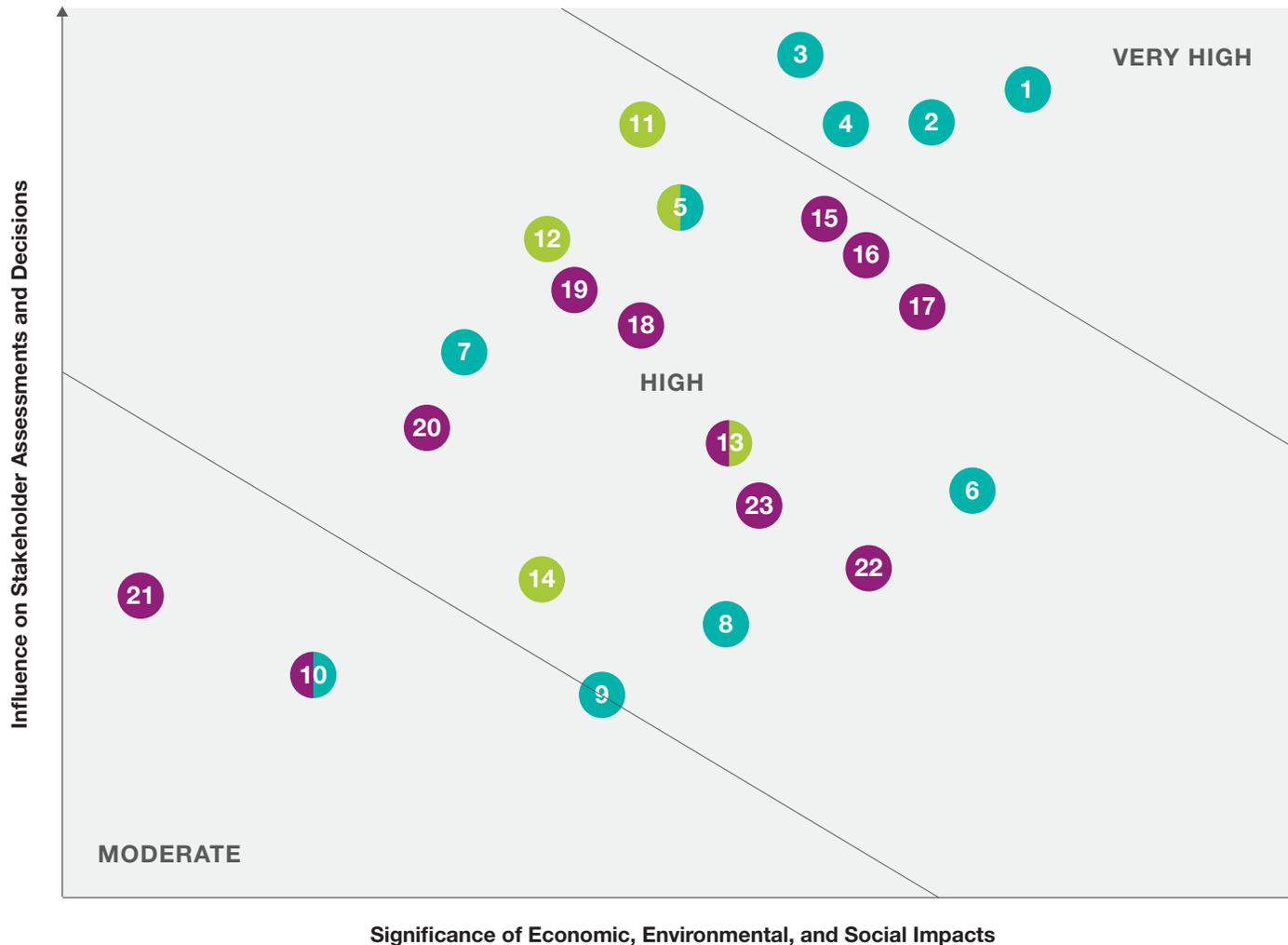
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# CSR Material Topics

In 2017, we conducted a comprehensive materiality assessment to ensure we are addressing and reporting on topics that reflect our significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of our

stakeholders. The assessment was completed in accordance with the Global Reporting Initiative (GRI) Standards' guidance for defining material topics and informs the content of this Report, as well as our continually evolving CSR strategy.

- **Health in Action**
- **Planet in Balance**
- **Leader in Growth**



- 1 Access to quality health care
- 2 Pricing of drugs and services
- 3 Patient and customer safety
- 4 Prescription drug abuse
- 5 Product quality and ingredients
- 6 Chronic disease prevention and management
- 7 Tobacco use
- 8 Community investments
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# Methodology and Findings

## Step One – Identification:

Through external research, competitive benchmarking and a thorough review of internal documents, we identified 90 material topics of importance to stakeholders and which CVS Health has an impact on through external research, competitive benchmarking and review of internal documents.

## Step Two – Engagement:

We conducted a series of interviews with relevant and credible external stakeholder groups for feedback on existing material topics and CVS Health's CSR strategy. We also reviewed investor feedback to capture their point of view on the expected level of action and transparency related to specific topics.

## Step Three – Issue Prioritization:

Using the information gathered in Steps One and Two, we developed a customized and weighted formula to generate and refine a materiality matrix, prioritizing material topics along an "X" and "Y" axis. This formula enabled us to narrow our initial list of 90 material topics down to the 23 topics that are pictured in the materiality matrix. The prioritized list reflects topics where CVS Health has significant impact, or which influence the decisions of stakeholders.

## Step Four – Review and Finalization:

Following the prioritization and plotting of the material issues in a matrix, a working session with the CVS Health CSR team provided an opportunity to review, adjust and finalize the material topics. In this step, we also consolidated some of the terms and pillar areas to position topics in a way that makes sense for our business and stakeholders. Additionally, we developed a definitions document for the material topics, which can be viewed in this section of the Appendix.



# CSR Material Topics Defined

Health in Action	Definition
<b>Access to quality health care</b>	Ensure patients and customers are able to access quality health care. Includes retail locations, coordination of care and customer service.
<b>Pricing of drugs and services</b>	Ensure patients and customers are able to afford health care.
<b>Patient and customer safety</b>	Protect the health and safety of patients and customers who may use or be exposed to products and services.
<b>Prescription drug abuse</b>	Combat prescription drug abuse in the interest of patient well-being. Includes policy initiatives and efforts to reclaim unused medications through drug take-back programs.
<b>Product quality and ingredients</b>	Manage product design and production to ensure products meet specifications and customer expectations. Design products that minimize environmental impacts throughout the life cycle and are safe for their intended and likely uses.
<b>Chronic disease prevention and management</b>	Help patients avoid chronic conditions by promoting healthy lifestyles, and support those diagnosed with chronic conditions to manage their conditions.
<b>Tobacco use</b>	Deliver the first tobacco-free generation.
<b>Community investments</b>	Engage with and support local communities through philanthropy, volunteerism, product donations and pro bono services. Support local communities through jobs and taxes paid.
<b>Medication adherence</b>	Reduce hospital readmissions by helping patients with chronic conditions take their medications as prescribed.
<b>Public policy</b>	Engage policymakers to find solutions that both support business interests and create desirable outcomes for stakeholders. Includes public health focus.

# CSR Material Topics Defined

Planet in Balance	Definition
<b>Climate risks</b>	Commit to addressing our climate-related impacts by reducing our greenhouse gas emissions and embedding sustainability across our organization.
<b>Product quality and ingredients</b>	Manage product design and production to ensure products meet specifications and customer expectations. Design products that minimize environmental impacts throughout the life cycle and are safe for their intended and likely uses.
<b>Sustainable operations</b>	Reduce consumption of resources, waste and impact on the natural environment, while improving product/ service value. Includes energy use and GHG emissions, water, waste and renewable energy.
<b>Supply chain responsibility</b>	Evaluate and manage supply chain logistics incorporating environmental and social considerations in order to mitigate risk and promote good performance and transparency throughout the supply chain. Includes responsible sourcing, supply chain sustainability and supplier diversity.
<b>Packaging</b>	Minimize products' direct impact on the environment by selling products that are packaged sustainably.

# CSR Material Topics Defined

Leader in Growth	Definition
<b>Ethics and compliance</b>	Ensure compliance with applicable laws and regulations to prevent illegal behavior, including corruption and bribery.
<b>Governance</b>	Administer a system of rules, practices and processes by which they are directed and controlled. Includes sustainability management, executive compensation tied to sustainability and engaging colleagues around sustainability.
<b>Diversity and inclusion</b>	Foster a diverse and inclusive workplace, accepting of all employees who bring unique perspectives based upon their race, ethnicity, gender, age, education, ability/disability, sexual orientation, religious affiliation, veteran and disabled veteran status, experience and thought.
<b>Human rights</b>	Manage human rights within operations and communities where the organization operates. Includes policies to protect human rights and mechanisms to track incidents of human rights violations.
<b>Data protection and privacy</b>	Protect patient and customer information by handling the sensitive personal information that individuals provide in the course of everyday transactions with care, concern and confidentiality.
<b>Workforce development</b>	Recruit and retain a skilled, talented and motivated workforce. Provide underserved populations with opportunities to pursue health care careers. Includes managing the development of employee skills, competencies and qualifications for both the company's and employees' benefit.
<b>Risk management</b>	Include process for evaluating risk factors and opportunities, particularly related to sustainability topics, in business decisions.
<b>Public policy</b>	Engage with policymakers to find solutions that both support business interests and create desirable outcomes for stakeholders. Includes disclosure of political contributions.
<b>Wages and benefits</b>	Provide an appropriate level of financial compensation and related benefits to employees, and fairness across roles, regions and organizational levels.
<b>Employee health and safety</b>	Protect employees from occupational injuries and illnesses through design of safe operations and work practices, training programs, and safety management systems. Provide proactive wellness programs and initiatives aimed at helping colleagues on their path to better health.
<b>Supply chain responsibility</b>	Evaluate and manage supply chain logistics incorporating environmental and social considerations in order to mitigate risk and promote good performance and transparency throughout the supply chain. Includes responsible sourcing, supply chain sustainability and supplier diversity.

# CSR Material Topics Boundaries

Health in Action CVS Health Material Topic	GRI Standard Title	Disclosure Number	Material within the organization	Material outside the organization
Access to quality health care	Indirect Economic Impacts; Customer Health and Safety	203-2 416-1		X
Pricing of drugs and services	Economic Performance; Indirect Economic Impacts	201-1 203-2	X	X
Patient and customer safety	Customer Health and Safety; Marketing and Labeling	416-1 417-1		X
Prescription drug abuse	Customer Health and Safety; Marketing and Labeling	416-1 417-1		X
Product quality and ingredients	Materials; Marketing and Labeling	301-2 417-1		X
Chronic disease prevention and management	Customer Health and Safety	416-1		X
Tobacco use	Product Quality and Ingredient	416-1 417-1		X
Community investments	Economic Performance; Indirect Economic Impacts	201-1 203-2		X
Medication adherence	Customer Health and Safety; Marketing and Labeling	416-1 417-1		X
Public policy	Public Policy	415-1	X	X

# CSR Material Topics Boundaries

Planet in Balance CVS Health Material Topic	GRI Standard Title	Disclosure Number	Material within the organization	Material outside the organization
<b>Climate risks</b>	Economic Performance; Energy; Emissions	201-2 302-1 305-1 305-2 305-4	X	X
<b>Product quality and ingredients</b>	Materials; Marketing and Labeling	301-2 417-1		X
<b>Sustainable operations</b>	Energy; Water; Emissions; Effluents and Waste	302-1 303-1 305-1 305-2 305-4 305-5 306-2	X	X
<b>Supply chain responsibility</b>	Procurement Practices; Supplier Environmental Assessment; Child Labor; Human Rights Assessment; Supplier Social Assessment	204-1 308-1 408-1 412-3 414-1 414-2		X
<b>Packaging</b>	Materials; Marketing and Labeling	301-2 417-1		X

# CSR Material Topics Boundaries

Leader in Growth CVS Health Material Topic	GRI Standard Title	Disclosure Number	Material within the organization	Material outside the organization
<b>Ethics and compliance</b>	Ethics and Integrity; Environmental Compliance; Socioeconomic Compliance	102-16 307-1	X	X
<b>Governance</b>	General Disclosure; Public Policy; Customer Privacy	102-18 415-1	X	X
<b>Diversity and inclusion</b>	Diversity and Equal Opportunity	405-1	X	
<b>Human rights</b>	Child Labor; Human Rights Assessment; Supplier Social Assessment	408-1 412-1 412-3	X	X
<b>Data protection and privacy</b>	Customer Privacy	418-1		X
<b>Workforce development</b>	Employment; Training and Education	401-1 404-2	X	
<b>Risk management</b>	General Disclosures	102-15 102-29	X	X
<b>Public policy</b>	Public policy	415-1	X	X
<b>Wages and benefits</b>	Employment; Training and Education	401-2 404-2	X	
<b>Employee health and safety</b>	Occupational Health and Safety	415-1	X	
<b>Supply chain responsibility</b>	Procurement Practices; Supplier Environmental Assessment; Child Labor, Human Rights Assessment; Child Labor; Supplier Social Assessment	204-1 308-1 408-1 412-3		X

# Workforce Diversity Data

## Employment by Type and Gender

Total Employee Count: 243,544 as of 12/31/2017

### Employment + Type

	2017	2016	2015
Full-time	65%	63%	62%
Part-time	35%	37%	38%

### Employment + Gender

	2017	2016	2015
Female	68%	68%	68%
Male	31%	31%	32%
Unspecified	<1%	<1%	N/A

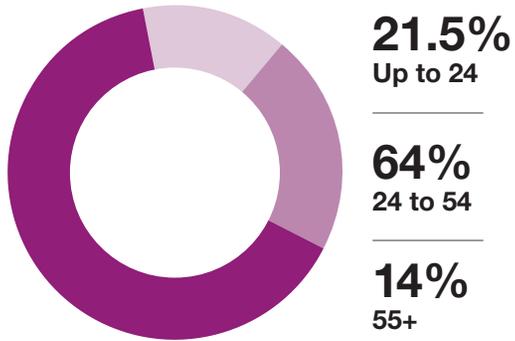
# Workforce Diversity Data

## Employment by Age and Ethnicity\*

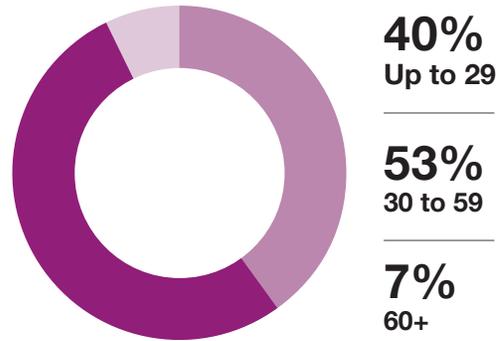
Total Employee Count: 243,544 as of 12/31/2017

### Employment Age

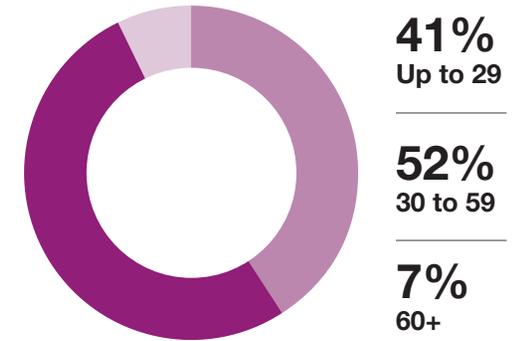
2017



2016



2015



### Employment Ethnicity

	2017	2016	2015
White	54%	55%	56%
Black/African American	16%	16%	16%
Hispanic/Latino	14%	13%	13%
Asian	11%	7%	7%
Other	5%	7%	7%
Not Specified	1%	1%	1%

\*Total does not add to 100 due to rounding

# Workforce Diversity Data

## Gender by Employment Level

### Board of Directors + Gender

Total Board members: 12 as of 5/10/2017

	2017	2016	2015
Female	33%	27%	27%
Male	67%	73%	73%

### Vice President and Above + Gender

Total Employee Count, Vice President and Above: 234 as of 12/31/2017

	2017	2016	2015*
Female	31%	28%	N/A
Male	69%	72%	N/A

### Manager Level and Above + Gender

Total Employee Count: 27,520 as of 12/31/2017

	2017	2016	2015
Female	49%	48%	47%
Male	51%	52%	53%
Unspecified	<1%	<1%	<1%

\*Diversity information for vice president level and above was not disclosed in 2015 and is not currently available

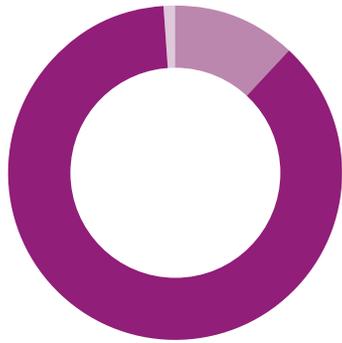
# Workforce Diversity Data

## Ethnicity by Employment Level\*

### Vice President and Above + Ethnicity

Total Employee Count, Vice President and Above: 234 as of 12/31/2017

2017

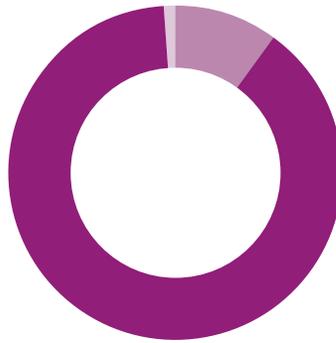


**12%**  
Diverse

**87%**  
White

**<1%**  
Unspecified

2016



**10%**  
Diverse

**89%**  
White

**<1%**  
Unspecified

2015\*\*

**N/A**  
Diverse

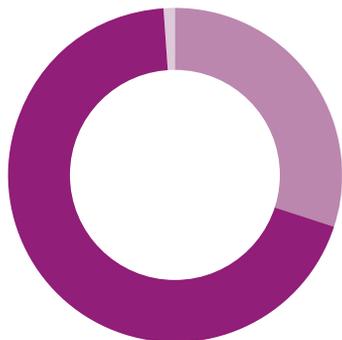
**N/A**  
White

**N/A**  
Unspecified

### Manager Level and Above + Ethnicity

Total Employee Count, Manager Level and Above: 27,520 as of 12/31/2017

2017

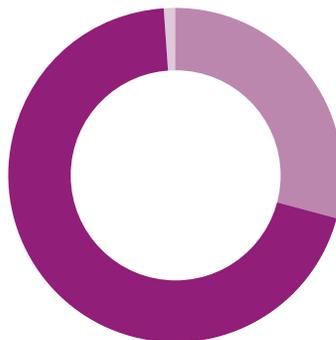


**30%**  
Diverse

**69%**  
White

**<1%**  
Unspecified

2016



**29%**  
Diverse

**69%**  
White

**1%**  
Unspecified

2015



**28%**  
Diverse

**70%**  
White

**<1%**  
Unspecified

\*Total does not add to 100 due to rounding

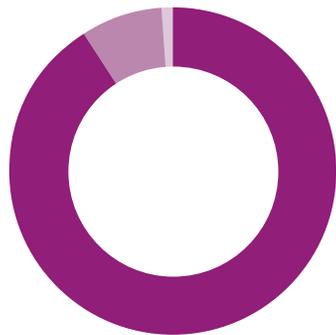
\*\*Diversity information for vice president level and above was not disclosed in 2015 and is not currently available

# Workforce Diversity Data

## Gender and Ethnicity by Role\*

### Nurses + Gender

Total Employee Count, Nurses:  
4,430 as of 12/31/2017



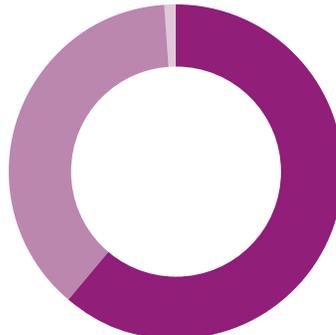
**92%**  
Female

**8%**  
Male

**<1%**  
Unspecified

### Pharmacists + Gender

Total Employee Count, Pharmacists:  
32,201 as of 12/31/2017



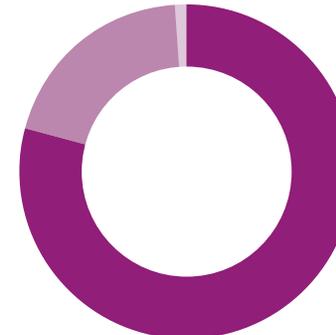
**62%**  
Female

**38%**  
Male

**<1%**  
Unspecified

### Pharmacy Technicians + Gender

Total Employee Count, Pharmacy Technicians:  
74,663 as of 12/31/2017

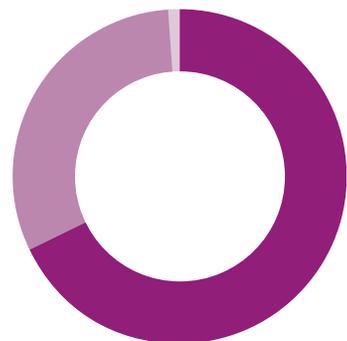


**80%**  
Female

**20%**  
Male

**<1%**  
Unspecified

### Nurses + Ethnicity

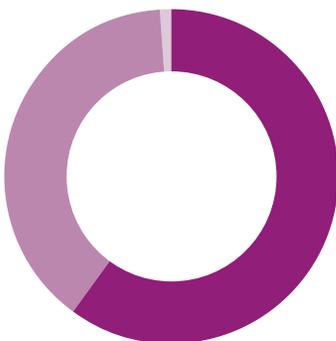


**31%**  
Diverse

**68%**  
White

**1%**  
Unspecified

### Pharmacists + Ethnicity

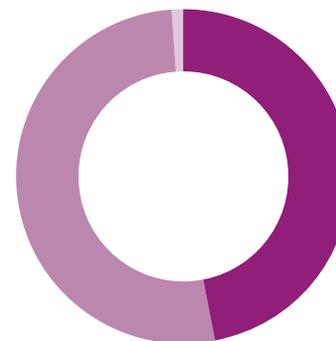


**39%**  
Diverse

**60%**  
White

**1%**  
Unspecified

### Pharmacy Technicians + Ethnicity



**52%**  
Diverse

**47%**  
White

**1%**  
Unspecified

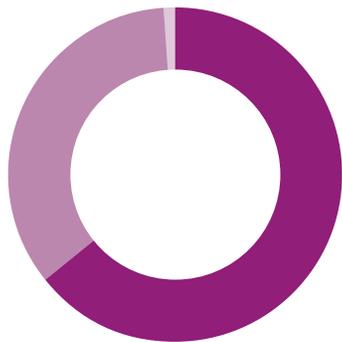
\*Total does not add to 100 due to rounding

# Workforce Diversity Data

## Gender and Ethnicity by Role\*

### Front Store + Gender\*

Total Employee Count, Front Store:  
89,805 as of 12/31/2017



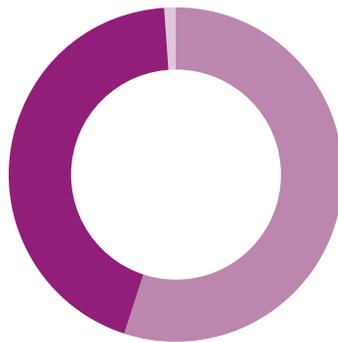
**65%**  
Female

**35%**  
Male

**<1%**  
Unspecified

### Distribution Center + Gender\*

Total Employee Count, Distribution Center:  
7,759 as of 12/31/2017

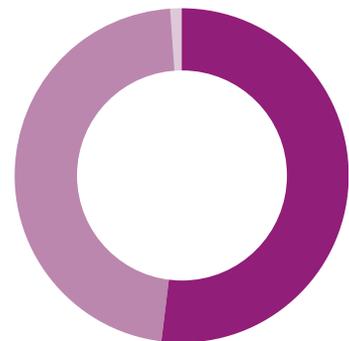


**43%**  
Female

**57%**  
Male

**<1%**  
Unspecified

### Front Store + Ethnicity\*

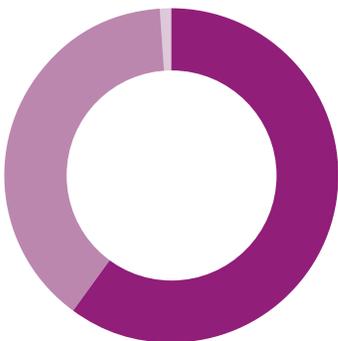


**47%**  
Diverse

**52%**  
White

**<1%**  
Unspecified

### Distribution Center + Ethnicity\*



**54%**  
Diverse

**45%**  
White

**<1%**  
Unspecified

\*Total does not add to 100 due to rounding

\*\*Represents all colleague job categories for front store and distribution centers and data may overlap with enterprise charts included on page 30

# Environmental Data

## Total Energy Usage, by Type, for 2015–2017

	Electricity (Million MWh)	Natural Gas (Million Therms)	Propane & Oil (Therms)	Fuel Consumption** (Million Gallons)
2015	2.9	12.4	444,000	10.6
2016	2.85	11.4	394,000	11.3
2017	2.7	12.2	409,707	11.0

2015 data includes the addition of Coram® and Navarro® locations. 2016 data includes the addition of Omnicare. Data for 2017 includes all CVS Health distribution centers, stores and administrative locations, landlord-paid facilities, CVS Caremark®, Omnicare® and Coram locations. CVS Pharmacy® locations in Target® stores are not under the operational control of CVS Health and therefore are excluded from the organizational boundary and GHG inventory.

## Water Use Intensity Measurement, for 2015–2017

	Total Water Usage (ML)	SF of Retail Space (Millions)	Normalized Water Usage (Per SF of Retail Space in ML)
2015	6,200	78.1*	0.000079
2016	5,711	79.2	0.000072
2017	5,554	79.5	0.000070

\*Company's 10-K reports 79.4 million SF, but this figure includes 1.3 million SF for Target pharmacies acquired on December 31, 2015, which are excluded for the purposes of the intensity target calculation.

# Environmental Data

## GHG Emissions by Scope\*

A breakdown of Scope I, II and III data is included below. The baseline year for data provided is 2010; the standards used are in accordance with the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development, as well as the Climate Registry's General Reporting Protocol; and the consolidation approach is based on operational control.

External Assurance: CVS Health carbon footprint data has been audited by independent audit firm Ernst & Young (EY).

	2017		2016		2015	
	Tonnes of CO2e	%	Tonnes of CO2e	%	Tonnes of CO2e	%
<b>Scope 1</b> Natural Gas, Other Fuels, Corporate Jet, Corporate Car Fleet, Private Delivery Fleet, Refrigerants	206,086	14%	198,047	12%	214,156	13%
<b>Scope 2</b> Electricity, Steam, Chilled Water	1,131,013	80%	1,285,716	82%	1,368,598	82%
<b>Scope 3</b> Dedicated Delivery Fleet, Employee Air Travel, Employee Personal Car Travel, Rental Cars	90,105	6%	90,590	6%	89,388	5%

# Environmental Data

## GHG Emissions (Tonnes of CO2e)

Scope 1	2017	2016	2015
<b>Total</b>	206,086	198,047	214,156
<b>Natural Gas</b>	64,670	60,864	66,002
<b>Other Fuels</b>	2,656	2,575	2,885
<b>Corporate Fleet</b>	6,771	5,817	5,570
<b>Private Delivery Fleet</b>	32,161	36,119	32,858
<b>Refrigerants</b>	95,308	86,929	100,742
<b>Air Fleet</b>	4,520	5,745	6,098
<b>Scope 2</b>			
<b>Total</b>	1,131,013	1,285,716	1,368,598
<b>Electricity, Steam and Chilled Water</b>	1,131,013	1,285,716	1,368,598
<b>Scope 3</b>			
<b>Total</b>	90,105	90,590	89,388
<b>Dedicated Delivery Fleet</b>	53,469	50,310	51,449
<b>Business Travel</b>	23,129	27,394	28,885
<b>Rental Cars</b>	2,408	2,427	3,332
<b>Personal Cars</b>	11,099	10,460	5,721

## GHG Emissions Scope Breakdown (%)

Scope 1	2017	2016	2015
<b>Total</b>	14%	12%	13%
<b>Natural Gas</b>	4.5%	3.9%	3.9%
<b>Other Fuels</b>	0.2%	0.2%	0.2%
<b>Corporate Fleet</b>	0.5%	0.4%	0.3%
<b>Private Delivery Fleet</b>	2.3%	2.3%	1.9%
<b>Refrigerants</b>	6.7%	5.5%	6%
<b>Air Fleet</b>	0.3%	0.4%	0.4%
<b>Scope 2</b>			
<b>Total</b>	79%	82%	82%
<b>Electricity, Steam and Chilled Water</b>	79%	82%	82%
<b>Scope 3</b>			
<b>Total</b>	6%	6%	5%
<b>Dedicated Delivery Fleet</b>	3.7%	3.2%	3.1%
<b>Business Travel</b>	1.6%	1.7%	1.7%
<b>Rental Cars</b>	0.2%	0.2%	0.2%
<b>Personal Cars</b>	0.8%	0.7%	0.3%

# Environmental Data

## Total Carbon Footprint and Carbon Intensity Measurement 2015–2017

	CO2 Equivalents (Metric Tonnes CO2e)	CO2 Equivalents (Intensity per SF of Retail Space in Metric Tonnes)	Square Feet (of Retail Space in Millions)	Cumulative Progress Toward Carbon Intensity Reduction Goal*
<b>2015</b>	1,673,000	0.0214	78.1**	16%
<b>2016</b>	1,574,000	0.0199	79.2	22%
<b>2017</b>	1,427,204	0.0180	79.5	30%

\*Carbon Intensity Goal: Reduce carbon intensity by 15% by 2018, based on 2010 figures.

\*\*10-K shows 79.4M SF, but includes 1.3M SF for Target pharmacies acquired on 31 December 2015, which are excluded for the purposes of the intensity target calculation.

# Environmental Data

## Hazardous Waste Disposal Methods 2015–2016

Hazardous waste and disposal methods are reported in the table below. We identified waste and e-waste as a material issue, given the size of our operations. We do not have accurate data that measures total solid waste by type and disposal across our entire company, due to the varying municipal waste regulations in the communities where we operate, as well as varying contracts we hold with third-party waste haulers.

Disposal Methods	Waste in Tonnes 2017	% of Total 2017	Waste in Tonnes 2016	% of Total 2016	Waste in Tonnes 2015	% of Total 2015
Waste to Energy	2,022	42.7	1,890	55.02	1,848	54.21
Recycle/Metals Recovery	491	10.37	507	14.75	543	15.93
Fuels Blending	509	10.74	525	15.27	522	15.31
Incineration	1,564	33.02	429	12.49	372	10.91
Neutralization/Waste Water Treatment	143	3.03	85	2.47	124	3.64
Stabilization/Landfill	1	0.03	0	0	0.0	0.0
Autoclave	5	0.11	N/A	N/A	N/A	N/A
<b>Total Waste Shipped</b>	<b>4,736</b>	<b>100</b>	<b>3,436</b>	<b>100</b>	<b>3,409</b>	<b>N/A</b>

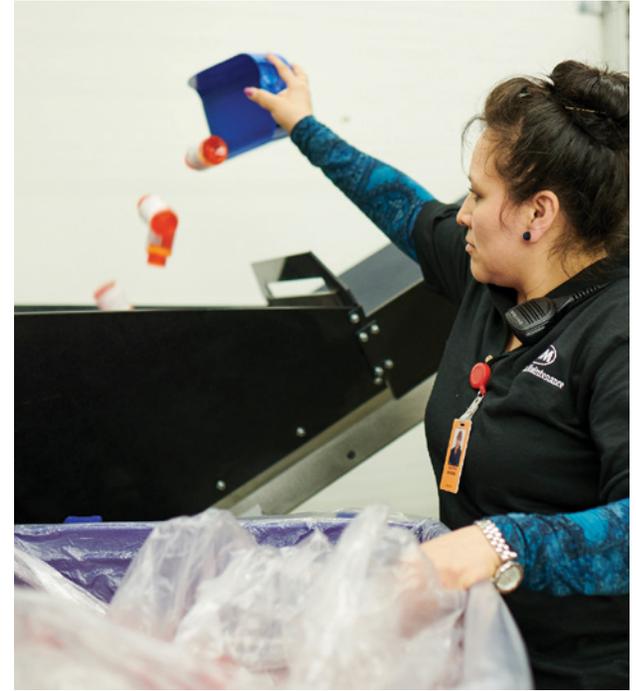
This data includes Retail, CVS Caremark, and Distribution Centers.

# Recycling Figures 2017

- 280,961 tons were recycled through all programs at retail stores, corporate offices and distribution centers (including Coram, CVS Caremark and Omnicare)
- 14.46 tons of plastic bags were diverted from landfills to our plastic bag recycling program (G2)

Other recycling figures:

- 39.14 tons of mixed paper (G2)
- 4.86 tons of PET and plastic bottles (G2)
- 1.61 tons of aluminum cans and materials (G2)
- 1.54 tons of glass (G2)
- 1.42 tons of HDPE (G2)
- 0.23 tons of white paper (G2)
- 0.22 tons of Styrofoam cups (G2)
- 0.36 tons of plastic film (G2)
- 0.14 tons of bimetal cans (G2)
- 203,585 boxes (Stericycle & G2)
- 41.59 tons of metals (Stericycle)
- 1,008,700 kWh from Waste to Energy (Stericycle)
- 1,834 tons CO2 eliminated from Waste to Energy (Stericycle)



# 2017 Zero Tolerance Summary

Zero Tolerance Issues/ Low Scoring Factories	Number of Factories Found to Have a Zero Tolerance Issue	Action Taken	Follow-up/Remediation Process
<b>Child Labor</b>	4	Orders were canceled. Facility was placed on probation.	Production for approved orders was moved to an approved facility.
<b>Attempted Bribery (Factory Management Bribing the Auditor to Receive a Passing Score on the Audit)</b>	4	Orders were canceled. The identified facility was placed on probation.	Production for approved orders was moved to approved facility.
<b>Life Threatening Conditions – Locked/Blocked Exits</b>	27	Orders for 27 factories with locked/blocked exits were placed on hold until corrective action was taken.	For locked and blocked exits, the immediate corrective action was taken, and proof of correction was submitted through a corrective action plan for approval. For locked emergency exits, either corrective action was taken or the orders were moved to approved factories.
<b>Forced/Person Labor, Human Trafficking</b>	0	N/A	N/A
<b>Abuse and Harassment</b>	0	N/A	N/A
<b>Falsified Documents</b>	0	N/A	N/A
<b>Confirmed Falsified Audit Report and/or Business License</b>	0	N/A	N/A
<b>Intentional Nondisclosure of Finished Goods Subcontracting</b>	0	N/A	N/A

# 2017 GRI Content Index

## General Disclosures

### GRI 101: Foundation 2016

### GRI 102: General Disclosures 2016

#### ORGANIZATIONAL PROFILE

#### 102-1

**Name of the Organization**  
CVS Health®

#### 102-2

**Activities, Brands, Products and Services**  
Corporate Profile, p. 5, 2017 CSR Report

#### 102-3

**Location of Headquarters**  
Corporate Profile, p. 5, 2017 CSR Report

#### 102-4

**Location of Operations**  
Corporate Profile, p. 5, 2017 CSR Report

#### 102-5

**Ownership and Legal Form**  
CVS Health is a publicly traded corporation on the New York Stock Exchange. Ticker symbol: CVS

#### 102-6

**Markets Served**  
Corporate Profile, p. 5, 2017 CSR Report

#### 102-7

**Scale of the Organization**  
Corporate Profile, p. 5, 2017 CSR Report  
Quantity of products or services provided:  
In 2017, CVS Health's Retail/LTC Segment filled approximately 1.2 billion prescriptions and held approximately 24% of the U.S. retail pharmacy market.

#### 102-8

**Information on Employees and Other Workers**  
All work is performed by our company's employees, with a large majority of them performing retail-related duties in our more than 9,800 retail locations located primarily in the U.S.

CVS Health Workforce Diversity Data, p. 29, 2017 CSR Report Appendix

#### 102-9

**Supply Chain**  
Corporate Profile, p. 5, 2017 CSR Report

#### 102-10

**Significant Changes to the Organization and its Supply Chain**  
Corporate Profile, p. 5, 2017 CSR Report

During 2017, we opened 175 new and acquired retail locations and added 15 new MinuteClinic® locations.

#### Documents Referred to in this Index

2017 CSR Report = Prescription for a Better World  
2017 CSR Report Appendix  
2018 CVS Health Annual Report on Form 10-K  
2018 Proxy Statement

#### 102-11

**Precautionary Principle or Approach**  
We do not have a formal policy regarding the precautionary principle.

All store brand products must comply with FDA and government requirements and adhere to our Cosmetic Safety Policy and Animal Testing Policy. These policies outline our commitment to providing customers with safe products, should an ingredient be suspected of causing harm.

We also take a proactive approach to risk management, including climate change, and perform regular reviews of risks in our operations and supply chain.

#### 102-12

**External Initiatives**  
Working with Partners, p. 93, 2017 CSR Report; CSR Strategy, p. 8, 2017 CSR Report; Stakeholder Engagement, p. 15, 2017 CSR Report

#### 102-13

**Membership of Associations**  
Participating in the Political Process, p. 114, 2017 CSR Report; 2017 Trade Association and Coalition Participation Report

## STRATEGY

### 102-14

#### Statement from Senior Decision-Maker

Letter from Larry Merlo, p. 3, 2017 CSR Report; Letter from Eileen Howard Boone, p. 4, 2017 CSR Report

### 102-15

#### Key Impacts, Risks and Opportunities

p. 16, CVS Health Form 10-K

#### Enhancing Our Information Security Program

CVS Health employs industry standard technology safeguards, including network firewalls, intrusion prevention, and malware detection systems to identify and prevent potential cyber attacks. We maintain rigorous policies and procedures for authentication and authorization to systems that restrict access to and define appropriate use of client and plan member data. Through our audit compliance plan, we continuously monitor and assess our systems and networks so appropriate safeguards can be implemented to mitigate the risk of security violations and intrusions. We also conduct regular assessments against our security and privacy controls, and address any issues that may have been identified during the assessment period in a timely manner.

We were early adopters of the National Institute of Standards and Technology Cybersecurity Framework for improving critical infrastructure cybersecurity. In addition, through our participation in NH-ISAC, the nation's Healthcare and Public Health Information Sharing and Analysis Center, we continue to be vigilant about advancing physical and cybersecurity national critical infrastructure resilience.

Security awareness is promoted throughout the organization, and all of our colleagues are required to complete security training annually. Training is also conducted within 30 days after the date of hire for contractors, within 21 days for retail colleagues, and

within 12 days for PBM colleagues. In 2015, in accordance with the Payment Card Industry Data Security Standard, we completed an annual external assessment by a qualified security assessor of our policies and safeguards in connection with cardholder data. The assessment found no major security risks or faults for cardholders or our company.

#### Ensuring Customer, Patient and Employee Privacy

CVS Health is committed to protecting the privacy and security of protected health information. Protecting private information and the confidentiality of those we serve are conditions of employment with CVS Health and are described in detail in our Code of Conduct. We also maintain a comprehensive privacy program designed to manage the company's data and ensure compliance with all applicable laws and regulations. Part of this program is aimed at continuously improving and enhancing our privacy practices by, among other things, routinely promoting privacy awareness throughout the enterprise. CVS Health has also developed a privacy orientation and training program to make sure that all of its colleagues and contractors are familiar with its privacy policies and procedures necessary for them to carry out their functions.

Internal privacy activities include an investigation and response team that manages the review and response to any potential privacy incident. When potential privacy incidents are discovered, the team uses a protocol that involves an assessment of the incident and, when necessary, tracking and resolving the incident so that we can mitigate any privacy risks. When appropriate, we retrain our colleagues or develop a corrective action plan. In addition, we conduct a periodic risk assessment of our privacy practices. For example, we periodically review our retail facilities by using an independent assessor to review a statistically significant sample of stores to ensure implementation of our privacy protections. Our Privacy Commitments, along with our privacy policy, are posted [on our website](#).

#### Assessing Third Party Risk

CVS Health maintains a Third Party Risk Assessment Program, and through it, each vendor who collects, uses, stores, shares, processes, transmits or destroys confidential information on our behalf must undergo initial and recurring assessments to ensure they are operating in accordance with our privacy and information security policies and procedures.

#### Maintaining Privacy Safeguards

CVS Health maintains appropriate administrative, technical and physical safeguards for protecting our patients' protected health information. CVS Health also operates a compliance oversight committee, which meets quarterly to review, among other things, our privacy practices and to make recommendations aimed at enhancing our practices. We also engage senior leaders in decision-making processes related to new digital interfaces and analytical technologies to help ensure appropriate protections and safeguards are taken into consideration when we implement these tools.

## ETHICS AND INTEGRITY

### 102-16

#### Values, Principles, Standards and Norms of Behavior

Corporate Profile, p. 5, 2017 CSR Report; Compliance Policies and Practices, p. 115, 2017 CSR Report

### 102-17

#### Mechanisms for Advice and Concerns about Ethics

p. 37–39, [CVS Health Code of Conduct](#); CVS Health Ethics Line 1-877-CVS-2040

## GOVERNANCE

102-18

### Governance Structure

CVS Health Corporate Governance Guidelines

102-19

### Delegating Authority

CSR Governance, p. 13, 2017 CSR Report

102-20

### Executive-Level Responsibility for Economic, Environmental and Social Topics

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

102-21

### Consulting Stakeholders on Economic, Environmental and Social Topics

Stockholder outreach, 2018 Proxy Statement

102-22

### Composition of the Highest Governance Body and Its Committees

Committees of the Board, 2018 Proxy Statement

102-23

### Chair of the Highest Governance Body

Board Structures and Processes, 2018 Proxy Statement

102-24

### Nominating and Selecting the Highest Governance Body

CVS Health Corporate Governance Guidelines

102-25

### Conflicts of Interest

Related Person Transaction Policy, 2018 Proxy Statement

102-26

### Role of Highest Governance Body in Setting Purpose, Values and Strategy

The Nominating and Corporate Governance Committee of our Board of Directors provides oversight of our CSR strategy and performance. Our Senior Vice President, Corporate Social Responsibility and Philanthropy, reports to this Committee on the company's approach to key issues.

102-27

### Collective Knowledge of Highest Governance Body Committees of the Board, 2018 Proxy Statement

102-28

### Evaluating the Highest Governance Body's Performance

CVS Health Corporate Governance Guidelines

102-29

### Identifying and Managing Economic, Environmental and Social Impacts

Our Senior Vice President, Corporate Social Responsibility and Philanthropy, makes two presentations a year to the Nominating and Corporate Governance Committee of the Board of Directors covering timely sustainability impacts, risks and opportunities for Committee feedback. Often these presentations are informed by consultation with external stakeholders. The Committee will also proactively request information on selected economic, environmental and social topics. These discussions help CVS Health to identify and manage issues of concern and opportunity.

### Sustainability Committees

We have established committees and task forces that meet on an as-needed basis to provide guidance on sustainability-related decisions and initiatives. These include:

- Energy Technology Assessment Committee: Works to identify opportunities across our operations to reduce energy and GHG emissions while also lowering costs

- Sustainability Leadership Council: A team of leaders who meet periodically to discuss our sustainability strategy and set our carbon reduction goal
- Executive Management Council: A group of senior-level corporate executives representing all business units at CVS Health, who direct the overarching strategy, policy and implementation of our Environmental Management Program and advise our CEO on the program's performance

102-30

### Effectiveness of Risk Management Processes

CSR Governance, p. 13, 2017 CSR Report

102-31

### Review of Economic, Environmental and Social Topics

Our Senior Vice President, Corporate Social Responsibility and Philanthropy, makes two presentations a year to the Board covering timely sustainability impacts, risks and opportunities for Board feedback. The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing our annual Corporate Social Responsibility Report.

102-32

### Highest Governance Body's Role in Sustainability Reporting

Larry Merlo, President and Chief Executive Officer, reviews our annual Corporate Social Responsibility Report along with the Nominating and Corporate Governance Committee of our Board of Directors.

102-33

### Communicating Critical Concerns

Our Senior Vice President, Corporate Social Responsibility and Philanthropy, raises critical concerns to the Nominating and Corporate Governance Committee of our Board of Directors as part of her biannual presentations, and may make additional presentations as needed.

102-34

#### Nature and Total Number of Critical Concerns

Our Senior Vice President, Corporate Social Responsibility and Philanthropy, presented on three critical concerns to the Nominating and Corporate Governance Committee in 2017 regarding progress against our science-based emissions reduction target, eliminating chemicals of consumer concern from beauty and personal care products and stakeholder engagement. At these presentations, requests were made for approval to act on a selected issue or request funding to support a new initiative.

102-35

#### Remuneration Policies

Compensation Discussion and Analysis,  
2018 Proxy Statement

Sustainability is becoming an increasingly important component of business strategy and, as it does, the argument for linking management's compensation to sustainability performance is gaining ground. At CVS Health, each pillar within our CSR strategy — Health in Action, Planet in Balance, Leader in Growth — has a subject matter expert who also has accountability to achieve the pillars' priorities and goals as part of their business plan. Remuneration of executive officers, as well as business unit and facility managers is partially linked to performance against these business plans.

102-36

#### Process for Determining Remuneration

Compensation Discussion and Analysis,  
2018 Proxy Statement

102-37

#### Stakeholders' Involvement in Remuneration

Compensation Discussion and Analysis,  
2018 Proxy Statement

102-38

#### Annual Total Compensation Ratio

Compensation Discussion and Analysis,  
2018 Proxy Statement

## STAKEHOLDER ENGAGEMENT

102-40

#### List of Stakeholder Groups

Stakeholder Engagement, p. 15-17, 2017 CSR Report

102-41

#### Collective Bargaining Agreements

As of December 31, 2017, approximately 6 percent of employees were covered by collective bargaining agreements.

102-42

#### Identifying and Selecting Stakeholders

Stakeholder Engagement, p. 15-17, 2017 CSR Report

102-43

#### Approach to Stakeholder Engagement

Stakeholder Engagement, p. 15-17, 2017 CSR Report

102-44

#### Key Topics and Concerns Raised

Stakeholder Engagement, p. 15-17, 2017 CSR Report

## REPORTING PRACTICE

102-45

#### Entities Included in the Consolidated Financial Statements

p. 3, 2018 CVS Health Form 10-K

102-46

#### Defining Report Content and Topic Boundaries

p. 1–8, 2017 CSR Report Appendix

102-47

#### List of Material Topics

p. 1, 2017 CSR Report Appendix

102-48

#### Restatements of Information

We have made no material restatements of information provided in previous CSR Reports.

102-49

#### Changes in Reporting

About This Report, p. 123, 2017 CSR Report

102-50

#### Reporting Period

January 1–December 31, 2017

102-51

#### Date of Most Recent Report

May 2017

102-52

#### Reporting Cycle

Annual

102-53

#### Contact Point for Questions Regarding the Report

Please submit questions or feedback regarding this report and our CSR strategy to [CSR@CVSHealth.com](mailto:CSR@CVSHealth.com), or:

CVS Health Corporation

Attn: SVP, Corporate Social Responsibility & Philanthropy

1 CVS Drive, Woonsocket, RI 02895

401-765-1500

102-54

#### Claims of Reporting in Accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option.

102-55

#### 2017 GRI Content Index

The GRI Standards Content Index is included on these pages.

102-56

#### External Assurance

We do not have a formal policy for external assurance at this time. However, we do use an external third party to verify our carbon footprint data.

# Topic-Specific Standards

## ECONOMIC PERFORMANCE

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 201: Economic Performance 2016

201-1

#### Direct Economic Value Generated and Distributed

Corporate Profile, p. 5, 2017 CSR Report

201-2

#### Financial Implications and Other Risks and Opportunities Due to Climate Change

Enterprise Response and Resiliency, p. 71,  
2017 CSR Report

#### Climate Change Risks and Opportunities

We believe our proactive approach to climate change risk management, and our proven ability to respond during severe weather events, has strengthened the trust our customers have in CVS Health, and will enable our business to grow. Climate change is causing unusual and sometimes extreme weather patterns around the world, and climate experts are foreseeing a new era of “super storms” emerging.

As a provider of prescription medications and retail health services, we understand that a major disruption in our business can have serious implications for patients who rely on us for prescriptions and other health care needs. Our Enterprise Response and Resiliency team assesses risks and plans response to protect our colleagues, patients and physical assets and to continue delivery of important products and services across our enterprise.

In evaluating and preparing for these risks, we believe that the unexpected closure of our data centers and corporate offices would pose the greatest threat to our business because it would impede our ability to operate the systems that support our stores. Our Business Continuity Plan addresses the loss of facilities, IT infrastructure and human resources as well as losses in our supply chain in the case of floods, hurricanes and similar events. Financially, we are at risk of physical damage to our facilities, lost inventory from power outages and lost business from being closed in the wake of a natural disaster.

## INDIRECT ECONOMIC IMPACTS

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 203: Indirect Economic Impact 2016

203-2

#### Significant Indirect Economic Impacts

According to the Centers for Disease Control, the total economic cost of smoking in the U.S. is more than \$300 billion a year.

In 2014, we eliminated cigarettes and all tobacco products from our stores. A study published by CVS Health Research Institute in the American Journal of Public Health found that cutting nicotine from the shelves had an impact on overall tobacco sales.

Supporting Health Care in Our Communities, p. 35–36,  
2017 CSR Report;  
Making Prescription Drugs More Affordable, p. 40–41,  
2017 CSR Report

## PROCUREMENT PRACTICES

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

**Evaluation of the Management Approach**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 204: Procurement Practices 2016**

204-1

**Proportion of Spending on Local Suppliers**  
Supplier Diversity, p. 118, 2017 CSR Report

### **ANTI-CORRUPTION**

## **GRI 103: Management Approach 2016**

103-1

**Explanation of the Material Topic and Its Boundary**  
p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

**The Management Approach and Its Components**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

**Evaluation of the Management Approach**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 205: Anti-Corruption 2016**

205-2

**Communication and Training about  
Anti-Corruption Policies and Procedures**  
Compliance Policies and Practices, p. 115,  
2017 CSR Report;  
CVS Health Code of Conduct

### **MATERIALS**

## **GRI 103: Management Approach 2016**

103-1

**Explanation of the Material Topic and Its Boundary**  
p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

**The Management Approach and Its Components**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

**Evaluation of the Management Approach**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 301: Materials 2016**

301-2

**Recycled Input Materials Used**  
Sustainable Paper Sourcing, p. 91, 2017 CSR Report

301-3

**Reclaimed Products and Their Packaging Materials**  
Expanding Our Drug Disposal Collection Program,  
p. 59, 2017 CSR Report  
Omissions: Medications are intended to be taken as  
described. Rather than measuring the percentage of  
medications sold and reclaimed, we report on efforts to  
reclaim unused medications through our drug take  
back programs.

### **ENERGY**

## **GRI 103: Management Approach 2016**

103-1

**Explanation of the Material Topic and Its Boundary**  
p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

**The Management Approach and Its Components**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

**Evaluation of the Management Approach**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 302: Energy 2016**

302-1

**Energy Consumption Within the Organization**  
p. 15, 2017 CSR Report Appendix

### **WATER**

## **GRI 103: Management Approach 2016**

103-1

**Explanation of the Material Topic and Its Boundary**  
p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

**The Management Approach and Its Components**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

**Evaluation of the Management Approach**  
CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 303: Water 2016**

303-1

**Water Withdrawal by Source**  
p. 15, 2017 CSR Report Appendix

## EMISSIONS

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 305: Emissions 2016

305-1

#### Direct (Scope 1) GHG Emissions

p. 16–17, 2017 CSR Report Appendix  
External Assurance: CVS Health carbon  
footprint data has been audited by EY.

305-2

#### Energy Indirect (Scope 2) GHG Emissions

p. 16–17, 2017 CSR Report Appendix  
External Assurance: CVS Health carbon  
footprint data has been audited by EY.

305-3

#### Other Indirect (Scope 3) GHG Emissions

p. 16–17, 2017 CSR Report Appendix  
External Assurance: CVS Health carbon footprint  
data has been audited by EY.

305-4

#### GHG Emissions Intensity

p. 18, 2017 CSR Report Appendix  
External Assurance: CVS Health carbon  
footprint data has been audited by EY.

305-5

#### Reduction of GHG Emissions

Controlling Our Major Sources of Greenhouse  
Gas Emissions, p. 80, 2017 CSR Report  
External Assurance: CVS Health  
carbon footprint data has been audited by EY.

## EFFLUENTS AND WASTE

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 306: Effluents and Waste 2016

306-2

#### Waste by Type and Disposal Method

p. 19–20, 2017 CSR Report Appendix

## SUPPLIER ENVIRONMENTAL ASSESSMENT

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 308: Supplier Environmental Assessment 2016

308-1

#### New Suppliers That Were Screened Using Environmental Criteria

Supply Chain Sustainability, p. 91–92, 2017  
CSR Report; Sustainable Products and Packaging,  
p. 87–89, 2017 CSR Report

308-2

#### Negative Environmental Impacts in the Supply Chain and Actions Taken

Supply Chain Sustainability, p. 91–92,  
2017 CSR Report

## EMPLOYMENT

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

## **GRI 401: Employment 2016**

401-2

### **Benefits Provided to Full-Time Employees That are Not Provided to Temporary or Part-Time Employees**

Benefits that Provide Holistic Support, p. 104, 2017 CSR Report

## **OCCUPATIONAL HEALTH AND SAFETY**

## **GRI 103: Management Approach 2016**

103-1

### **Explanation of the Material Topic and Its Boundary**

p. 3–8, 2017 CSR Report Appendix; CSR Governance, p. 13, 2017 CSR Report

103-2

### **The Management Approach and Its Components**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

103-3

### **Evaluation of the Management Approach**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

## **GRI 403: Occupational Health & Safety 2016**

403-2

### **Types of Injury and Rates of Injury, Occupational Diseases, Lost Days, Absenteeism, and Number of Work-Related Fatalities**

Improving Safety Across the Enterprise, p. 105–106, 2017 CSR Report

## **TRAINING AND EDUCATION**

## **GRI 103: Management Approach 2016**

103-1

### **Explanation of the Material Topic and Its Boundary**

p. 3–8, 2017 CSR Report Appendix; CSR Governance, p. 13, 2017 CSR Report

103-2

### **The Management Approach and Its Components**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

103-3

### **Evaluation of the Management Approach**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

## **GRI 404: Training and Education 2016**

404-2

### **Programs for Upgrading Employee Skills and Transition Assistance Programs**

Advancing the Careers of Colleagues, p. 102, 2017 CSR Report

## **DIVERSITY AND EQUAL OPPORTUNITY**

## **GRI 103: Management Approach 2016**

103-1

### **Explanation of the Material Topic and Its Boundary**

p. 3–8, 2017 CSR Report Appendix; CSR Governance, p. 13, 2017 CSR Report

103-2

### **The Management Approach and Its Components**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

103-3

### **Evaluation of the Management Approach**

CSR Strategy, p. 8, 2017 CSR Report; CSR Governance, p. 13, 2017 CSR Report

## **GRI 405: Diversity and Equal Opportunity 2016**

405-1

### **Diversity of Governance Bodies and Employees**

p. 9–14, 2017 CSR Report Appendix

## **Building Board Diversity**

The Nominating and Corporate Governance Committee focuses on the following qualities in identifying and evaluating candidates for Board membership: background, experience and skills; character, reputation and personal integrity; judgment; independence; ethnic diversity; commitment to the company and service on the Board; and any other factors that the Committee may determine to be relevant and appropriate.

While we do not currently have any specific minimum qualifications for candidates or a specific policy regarding diversity, the Committee believes that the Board's composition, which represents diverse backgrounds and experiences, provides significant benefits to the company.

A recent amendment to the charter of the Nominating and Corporate Governance Committee, under Director Qualifications, formalized the Committee's practice that every Board candidate search includes diverse candidates, including women and minorities.

## **Attracting and Retaining a Diverse Workforce**

### **Talent Is Ageless: Building Health and Creating Employment Opportunities for Older Americans, 2017**

In 2017, our Talent Is Ageless program demonstrated significant growth and progress in building creative partnerships with national and community-based organizations that provide employment and health promotion programs for our older adults. Workforce Initiatives partnered with the following organization in 2017 that supported our hiring training, hiring and recruitment efforts:

- We hosted three events at the House of Lebanon in Washington, D.C. covering important topics for older adults such as Medicare, Exercise and Nutrition, and Chronic Diseases. The CVS Health and Wellness events offered senior residents education, resources

and guidance on important health issues with the goal of promoting healthy living

- Several mature worker applicants from NCBA's SCSEP program were hired as crew members in Greensboro and Cary, North Carolina. Applicants had received coaching and assistance from NCBA's special workforce program that enables mature workers to be job-ready
- In collaboration with the nonprofit CAEL, we developed a new competency tool to assist mature workers in showcasing their achievements and competencies gained in both paid and volunteer experience

#### **Abilities In Abundance:**

##### **Tapping into new Talent and Abilities**

Abilities in Abundance disability partnerships are part of CVS Health's commitment to diversity and disability inclusion. Here are a few examples:

- **Workability I**, a school-based program funded by the state of California, serves high-school-age students with special needs transitioning from school to employment. CVS Health and Workability I partnered to establish a formal statewide work experience program in 2009. In 2017, CVS Health placed more than 350 students in this program that gained work experience in our stores
- **The Massachusetts Rehabilitation Commission**, a division of the Commonwealth's Executive Office of Health & Human Services, has partnered with CVS Health over the past two years on a customized job driven training program that provides an eight-week immersion course into the pharmacy technician role. Since the program's inception, nearly 130 participants have been served, with 85 of those individuals being hired. In 2017, CVS Health hired 24 participants from the customized training program
- **The National Employment Team (NET) of the Council of Administrators of Vocational**

**Rehabilitation** and CVS Health collaborated to establish a national direct-hire program in 2002. The program is funded by the Federal and State government agencies. CVS Health works with NET nationally, coordinating with 80 agencies throughout the United States, putting people on the path to better health and employment. In a two-year period, more than 500 participants were hired for positions in front-store, pharmacy, and pharmacy benefit management positions

#### **Military Alliances**

We continue to identify partnerships which will provide our talent pipeline with those who have served our country and the spouses who support them. Just a few examples:

- **Public Partnership Office Hiring Initiative at Fort Belvoir:** The Private Partnership Office provides a collaborative system that allows civilian employers an opportunity to maximize their recruitment efforts and leverage the highly skilled and capable workforce found within the Army Reserves. CVS Health has developed a customized training program to educate transitioning soldiers and reservists on the pre-employment and transferable skills that will assist them in finding and securing civilian employment. Those interested in retail careers will also enroll in the Store Manager In Training (SMIT) program, which prepares them for a leadership role
- **Career Skills Program at Fort Leavenworth:** This program provides up to 20 weeks of career exploration prior to transitioning out of the Army. The service member receives training and work within the CVS retail environment to develop the necessary skills for a leadership position. Using the SMIT training and development materials, successful completion can lead to a civilian career. Service members are compensated by the Army during the program
- **Operation Reinvent:** This two-day career transition workshop is for women within 6–12 months of

separation from service. These quarterly sessions are scheduled on-base

#### **Diversity of our Colleagues and Senior Leadership Strategic Diversity Management: Objectives and Oversight**

It is our goal to ensure the diversity of our colleagues reflects the diversity of our customers and the communities we serve. Our approach to diversity management includes four primary objectives:

- Reflecting the marketplaces we serve and the demographics of our communities through our workforce
- Engaging our colleagues by leveraging workplace relationships to create and sustain a culture of inclusion
- Putting policies, practices, programs and procedures in place that enable us to develop and retain the best diverse talent
- Ensuring alignment with and engagement of external partners, customers, clients and communities

#### **Fostering Diversity through Board Leadership**

Oversight of strategic diversity management at CVS Health falls within the purview of the full Board of Directors. Our CEO and executive leadership team serve as our Diversity Management Steering Committee and report to the full Board. Each of these senior leaders serves as an executive sponsor for one of our Colleague Resource Groups (CRGs), networks that offer colleagues the opportunity to share or support a particular ethnicity, culture or perspective.

Our Diversity Management Leadership Council provides direction for the execution of our strategic diversity management. The Council reviews progress against our goals for workforce representation, colleague engagement, talent development and marketplace diversity. In addition, our Council members serve as champions for the company's diversity

strategy and are responsible for incorporating and leveraging strategic diversity management in each of their business units or departments.

## CHILD LABOR

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 408: Child Labor 2016

408-1

#### Operations and Suppliers at Significant Risk for Incidents of Child Labor

p. 21, 2017 CSR Report Appendix

## HUMAN RIGHTS ASSESSMENT

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

103-2

#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 412: Human Rights Assessment 2016

412-3

#### Significant Investment Agreements and Contracts that Include Human Rights Clauses or that Underwent Human Rights Screening

## Human Rights and Supplier Compliance

### Vendor Code of Conduct

CVS Health requires all suppliers to conduct business in accordance with its Vendor Code of Conduct and other applicable legal and ethical standards. We seek suppliers that share our values as well as our promise to deliver outstanding service. CVS Health suppliers are required to adhere to our company's ethical standards, supplier requirements and business processes, which are published on our supplier website and communicated in our Vendor Code of Conduct.

CVS Health also requires full compliance with all applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. Vendors and suppliers may not, directly or indirectly, offer, pay, promise or authorize the payment of any money or thing of value to any government official, including any employee or agent of a government-owned or government-controlled business, for the purpose of: influencing any act or decision of such government official, in his/her official capacity; inducing such government official to do or omit doing any act in violation of the lawful duty of such official; securing any improper advantage; or inducing such government official to use his/her influence in order to assist in obtaining or retaining business.

Our internal Code of Conduct also addresses the company's standard of ethics when interacting with

suppliers. Colleagues with direct responsibility for import supply chain management have been trained on mitigating risks within the supply chain of products, including risks associated with human trafficking and slavery.

### Global Supplier Audit Program

The CVS Health Factory Social Audit Program helps us assess our performance and allows us to compare the results against industry standards. This ensures that our direct import suppliers and other store brand suppliers are in compliance with social, legal and trade security standards in accordance with local laws in which they operate.

CVS Health works with independent third party UL to audit all store brand and select non-saleable merchandise, including uniforms and bags, supplier factories outside of the U.S. and Canada against UL's Responsible Sourcing Workplace Assessment (RSWA). The RSWA is aligned with the Global Social Compliance Program and International Labour Organization (ILO) convention recommendations. The factory audits are based on the following assessment criteria:

- **Labor**, including abuse, coercion, harassment, child labor and young workers, and forced labor
- **Health and Safety**, including risk assessment and management, education, and accidents
- **Management Systems**, including compliance, education and grievance mechanism
- **Environment**, including risk assessment and management, general and hazardous waste, air emissions and noise pollution
- **Ethics and Business Integrity**, including bribery attempt and facilitation

A primary focus is engaging lower-performing suppliers and factories. Our goal is to work with them directly in order to remediate their factory performance on social

compliance, rather than to exclude them immediately from our supply chain.

In addition to our annual human rights screening in 2017, we also conducted our annual supplier and factory training on social compliance and new subcontracting requirements. In addition, we offer additional supplier and factory training via online learning tools.

In lieu of UL's Responsible Sourcing Workplace Assessment (RSWA) audits, CVS Health accepts other globally recognized third-party social audit reports, including:

- ICTI - International Council of Toy Industries
- WRAP - Worldwide Responsible Accredited Production
- BSCI - Business Social Compliance Initiative
- SA8000 - Social Accountability International (SAI)

#### SUPPLIER SOCIAL ASSESSMENT

### GRI 103: Management Approach 2016

#### 103-1

##### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

#### 103-2

##### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

#### 103-3

##### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 414: Supplier Social Assessment 2016

#### 414-1

##### New Suppliers That Were Screened Using Social Criteria

Global Supplier Audit Program, see 412-3

#### 414-2

##### Negative Social Impacts in The Supply Chain and Actions Taken

Zero Tolerance Incidents, see 408-1

#### Ensuring Compliance and Integrity

Complying with legal requirements and acting with integrity are important to CVS Health for many reasons. In addition to the fines and penalties associated with violating laws and regulations, non-compliance can significantly impact shareholder value and profitability, as well as corporate reputation. Violating health care laws, including customer and patient privacy, can also result in being excluded from federally funded programs such as Medicare. We are committed to ensuring that we have sound practices, policies, processes and compliance mechanisms in place.

Our commitment extends to everyone within our organization: Our colleagues are expected to uphold our standards in all interactions with customers, plan members, clients, physicians, vendors and all other business relationships. Our Compliance and Integrity Program provides a framework for fostering a culture of compliance throughout the company. The program includes the following components:

- Compliance oversight and governance
- Policies, procedures and standards of conduct
- Due diligence in authority personnel
- Training and education
- Monitoring, auditing and reporting systems
- Effective lines of communication
- Enforcing standards and discipline procedures

#### Providing Effective Compliance Oversight

Our Chief Compliance Officer (CCO) is responsible for overseeing and implementing our Compliance and Integrity Program. This position reports to the Audit Committee of the Board of Directors and to the company's Chief Executive Officer. As part of the administration of the program, the CCO chairs the Corporate Compliance Committee, a cross-functional group comprised of company legal and business leaders who provide expertise, coordination and oversight.

#### Implementing Policies, Procedures and Standards of Conduct

The CVS Health Code of Conduct (the Code) articulates the company's expectation of legal and ethical conduct, and provides information on what to do when confronted with a potential compliance issue. The CCO leads the development of and updates to the Code, which takes place at least annually. The Code is reviewed and approved by the Audit Committee of the Board of Directors.

#### Conducting Due Diligence in Hiring

CVS Health evaluates colleagues and contractors based on their roles and responsibilities. Prior to employment, CVS Health perform background checks, licensure searches and exclusion screenings for all candidates. Candidates who do not pass the screening are denied employment. CVS Health also conducts regular post-hiring monitoring to ensure continued good standing.

#### Providing Training and Education

CVS Health provides compliance training to all colleagues upon hire and on an annual basis thereafter. Compliance training includes the Code; fraud, waste and abuse; firewalls; insider trading; HIPAA/privacy; corporate integrity agreements; anti-money laundering; and charitable giving practices. Additional compliance training may be required based on employee job functions and responsibilities, and existing government mandates. Training content is reviewed and approved by the Compliance team, and training completion statistics are tracked and shared with executive management.

### **Implementing Monitoring, Auditing and Reporting Systems**

CVS Health has a number of Business Compliance Officers (BCOs), who are designated Compliance staff members assigned to different business units. The BCOs work closely with their respective business units with the goal of creating two-way communication between Compliance and the business. In addition to informing the business of new or changing compliance requirements, the BCOs meet regularly with business unit leaders to identify potential compliance issues resulting from their business initiatives. The BCOs also coordinate with the Legal department to interpret laws and regulations and assess risk. When action is required by the business to address a Compliance related issue, the business will be responsible for developing an action plan. The BCO will approve the action plan and will monitor and report on its progress.

CVS Health also utilizes a number of other tools and processes, including Compliance Risk Assessment and Internal Audit, to monitor compliance and detect policy violations or improper conduct.

### **Maintaining Lines of Communication**

CVS Health contracts with an independent third party that provides secure, confidential telephone and web-based systems for use by individuals who wish to report a concern or submit an inquiry relating to business conduct. This service is available 24 hours per day, 365 days per year. In addition, the third party offers translation services that allow telephone and web reports to be made in several different languages.

Individuals also have the option of directly communicating a concern to the Compliance Department via telephone, email, facsimile or hard copy mail. Employees have the ability to raise a compliance issue and seek guidance directly with the CCO, members of management, Human Resources and the Legal Department. CVS Health has a strict non-retaliation policy that protects our colleagues who use these resources in good faith.

### **Enforcing Standards and Discipline Procedures**

The Compliance department is responsible for logging, triaging, following up and tracking reported potential compliance violations to conclusion. This includes directing a thorough investigation and, upon completion, determining whether credible evidence of a violation exists. When it is confirmed that misconduct has occurred, corrective action, which may include remedial action to address the specific issue or help prevent similar issues in the future, discipline and/or additional training, is initiated promptly.

As appropriate, certain confirmed violations may be reported to outside agencies or authorities. In addition, the CCO provides the Audit Committee of the Board of Directors with information concerning significant violations or alleged significant violations of the Code of Conduct and applicable policies and procedures.

### **PUBLIC POLICY**

#### **GRI 103: Management Approach 2016**

##### **103-1**

##### **Explanation of the Material Topic and Its Boundary**

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

##### **103-2**

##### **The Management Approach and Its Components**

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

##### **103-3**

##### **Evaluation of the Management Approach**

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

#### **GRI 415: Public Policy 2016**

##### **415-1**

##### **Political Contributions**

Political Activities and Contributions Report

### **Participating in the Political Process**

It is CVS Health's policy that the CEO and the Board of Directors are responsible for determining the company's public policy and political interests in a manner consistent with applicable laws. The Nominating and Corporate Governance Committee reviews and considers the company's policies and practices, including expenditures regarding political contributions and direct and indirect lobbying. It also reviews and considers the company's policies and practices regarding other significant public policy issues.

### **Articulating Our Public Policy Principles**

Our Public Policy Principles outline the company's priorities for participating in the public policy sphere. We are committed to addressing health care costs, quality and access because they are essential factors in helping people on their path to better health. To advance our policies, we work with federal and state policymakers, others in our industry, the broader business community, and non-profit and civic partners.

### **Keeping our Lobbying Activities Focused**

Lobbying is highly regulated in the United States, and we comply with applicable U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules.

Our Government Affairs team represents the company's point of view in Washington, in state capitals and with regulatory agencies around the country. We focus on legislative and public policy issues that impact the company's delivery of health care and long-term business interests. We communicate with policymakers and stakeholders on issues that impact our business, health plan clients and customers. In addition to our efforts to advocate for health care access, quality and affordability, we continued our commitment to address prescription drug abuse in 2017.

For instance, we participate in the Alliance to Prevent the Abuse of Medicines, a non-profit partnership of key stakeholders representing every aspect of the prescription drug supply chain, to develop and offer policy solutions aimed at decreasing prescription drug abuse. We are involved in other initiatives related to prescription drug abuse as well.

Beginning in 2015, we posted copies of our federal lobby reports on our website to make the information more accessible to our stakeholders.

### **Transparency Regarding Political Donations**

All of the company's contributions promote the interests of the company and are made without regard to the private political preferences of company officers and executives. CVS Health is prohibited by federal law from making corporate contributions directly to candidates or political parties in federal elections. We make contributions at the state level as allowed by state laws, and to other organizations as described below, in each case in alignment with our public policy priorities and business interests.

Our Political Activities and Contributions report discloses all of our political contributions, which may be made, depending on our priorities for the particular year, to candidates for state and federal office, political action committees and entities organized under Section 501(c)(4) or Section 527 of the Internal Revenue Code. Note that CVS Health makes contributions only to those 527 organizations that are campaign committees or political parties that are regulated by the Federal Election Commission or state campaign finance laws, whose transparency rules enable us to understand how our funds are used.

With respect to 501(c)(4) and 527 organizations, we disclose amounts paid to advocacy and/or political purposes for any organization whose CVS Health contribution is \$25,000 or greater.

### **Disclosing CVS Health Colleagues Political Action**

As with many corporations, we offer eligible colleagues an opportunity to participate in the political process by voluntarily contributing to the CVS Health Political Action Committee (PAC). Political contributions to federal candidates, certain state candidates, political party committees and political action committees are made by our PAC. Consistent with federal law, CVS Health pays the administrative, solicitation and compliance costs of the PAC. The activities of the CVS Health PAC are subject to comprehensive regulation by the federal government and certain state governments, including detailed registration and reporting requirements.

Under the Lobbying Disclosure Act of 1995, CVS Health submits to Congress semi-annual reports, which also include a listing of the CVS Health PAC's contributions to federal candidates. We report these contributions in the Political Activities and Contributions report on our website. Included on our website are disclosures of the contributions the CVS Health PAC also makes at the state level. We also operate employee-funded state PACs in Rhode Island and Massachusetts.

CVS Health has a policy governing political contributions made from corporate and PAC funds to ensure that all potential political contributions made by or on behalf of CVS Health or a CVS Health PAC are reviewed and approved internally for compliance with all federal, state and local laws, and that all of the company's political activities are conducted in accordance with high ethical standards. This policy applies to all colleagues of CVS Health, and each of its subsidiaries and affiliates. CVS Health does not make any independent expenditures in federal, state or local elections. CVS Health requires certifications of compliance with this policy, generally through the company's annual compliance training. Certifications must be submitted following such training by all CVS Health representatives and colleagues at the director-level and above who maintain budgetary authority for potential political contributions.

CVS Health has a policy governing political contributions made from corporate and PAC funds to ensure that all potential political contributions made by or on behalf of CVS Health or the CVS Health PAC are reviewed and approved internally for compliance with all federal, state and local laws, and that all of the company's political activities are conducted in accordance with high ethical standards. This policy applies to all colleagues of CVS Health, and each of its subsidiaries and affiliates. CVS Health does not make any independent expenditures in federal, state or local elections.

CVS Health requires certifications of compliance with this policy, generally through the company's annual compliance training. Certifications must be submitted following such training by all CVS Health representatives and colleagues at the director-level and above who maintain budgetary authority for potential political contributions.

CVS Health participates in various federal and state trade associations or organizations that operate in support of specific industries. Trade associations participate in activities such as education, advertising and lobbying to influence public policy. Many associations offer other services, such as producing conferences, networking or charitable events or offering classes or educational materials. Some associations also make political contributions or operate a PAC.

Details regarding CVS Health's 2017 membership dues can be found in our annual Trade Association Dues Report, along with past reports. These reports include names of trade and industry associations to which we pay annual total dues of \$25,000 or more and the amount of dues paid. The amount of such dues totaled \$7.5 million from January 2017 through March 2018, of which approximately \$1.9 million was used for advocacy and/or political activities.

## CUSTOMER HEALTH AND SAFETY

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

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#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

103-3

#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 416: Customer Health and Safety

416-1

#### Assessments of the Health and Safety Impacts of Products and Service Categories

Quality assurance is a mandatory procedure performed by our pharmacists with every prescription filled.

Maintain Focus on Safety and Quality, p. 55–56, 2017 CSR Report, Support for Patients with Chronic Disease, p. 45–50, 2017 CSR Report

Omissions: The prevention and management of chronic disease is a strategic focus for CVS Health. While we are unable to measure our efforts as a percentage, we continuously monitor and evaluate existing services and develop new services to support patients on their path to better health.

## MARKETING AND LABELING

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

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#### The Management Approach and Its Components

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

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#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 417: Marketing and Labeling 2016

417-1

#### Requirements for Product and Service Information and Labeling

To help ensure patient safety, 100 percent of our prescription labels meet both regulatory requirements and our internal standards.

Maintain Focus on Safety and Quality, p. 55–56, 2017 CSR Report

Healthier Product Offerings, p. 48, 2017 CSR Report

## CUSTOMER PRIVACY

### GRI 103: Management Approach 2016

103-1

#### Explanation of the Material Topic and Its Boundary

p. 3–8, 2017 CSR Report Appendix;  
CSR Governance, p. 13, 2017 CSR Report

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CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

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#### Evaluation of the Management Approach

CSR Strategy, p. 8, 2017 CSR Report;  
CSR Governance, p. 13, 2017 CSR Report

### GRI 418: Customer Privacy 2016

418-1

#### Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data

Ensuring Customer, Patient and Employee Privacy, p. 115, 2017 CSR Report. We publicly report breaches to the U.S. Department of Health and Human Services (HHS) Office of Civil Rights. [See Breach Portal.](#)

**Health is everything.<sup>TM</sup>**