

A close-up photograph of a woman with dark hair and a pearl earring smiling and kissing a baby on the cheek. The baby is looking up with its mouth open. The background is softly blurred, showing hints of green and white.

**Growing communities
through Supplier Diversity**



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

Larry J. Merlo
President and CEO

2017 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT

Our Commitment to Supplier Diversity

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

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

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



2017: Supplier Diversity Spending

\$2.3 billion

Spending with small and diverse suppliers



24%

of our sourceable spend is with diverse and small businesses

We continue to grow our use of diverse suppliers



6%
Minority

3%
Women

17%
Veteran

18%
Small

Increase in spend in each category

647

Minority
Businesses



780

Women
Businesses



200

Veteran
Businesses



3,280

Small
Businesses



2017: Awards and Recognitions for our continued efforts

Top Corporation for
Women's Business
Enterprises



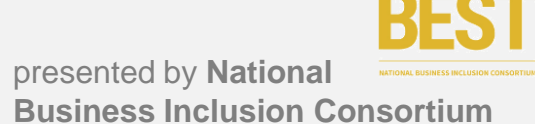
Gazelle Award for Top
Growth Rate with Minority
Business Enterprises



Top 50 Organizations
for Multicultural
Business



Best-of-the-Best
Top 30 Corporations
for Inclusion



Billion Dollar Roundtable

We have achieved \$1 billion in spending annually with diverse suppliers, and have been named to the Billion Dollar Roundtable, an organization that promotes excellence in supply-chain diversity.

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

Eva Boratto
Executive Vice President, Chief Accounting Officer





CVS Health supports diverse suppliers through its partnership with Roger Williams University on the Executive Learning Series for Diverse Suppliers.

47

Graduates

3,200

Hours of education

Suppliers develop valuable skills in:

**Finance
Leadership
Management
Human
Resources
Social Media**

2017: Economic Impact



\$2.3 billion

Spending with small & diverse businesses



\$5.8 billion

Economic impact of our supplier diversity program



38,032

Jobs supported through our small & diverse suppliers



\$1.9 billion

Incomes supported through these jobs

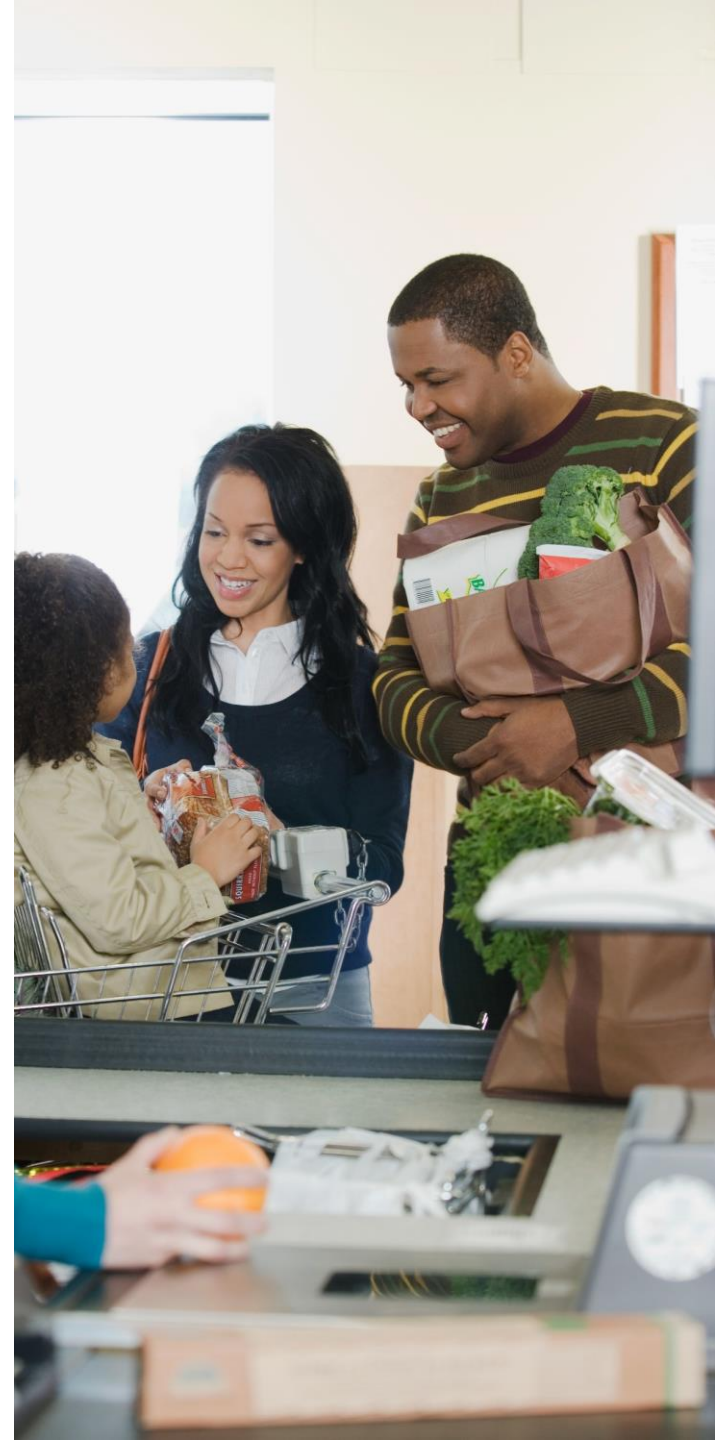
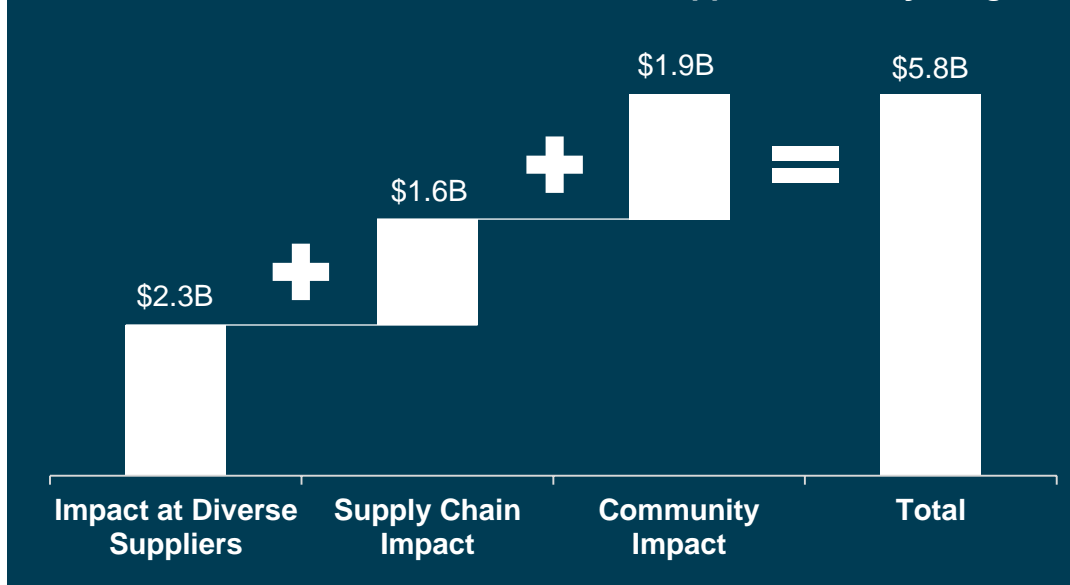


Learn more about
our commitment to
supplier diversity,
our recognition and
our impact at
<http://cvshealth.com/supplierdiversity>.

Economic Impact Metrics: GDP Contribution

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

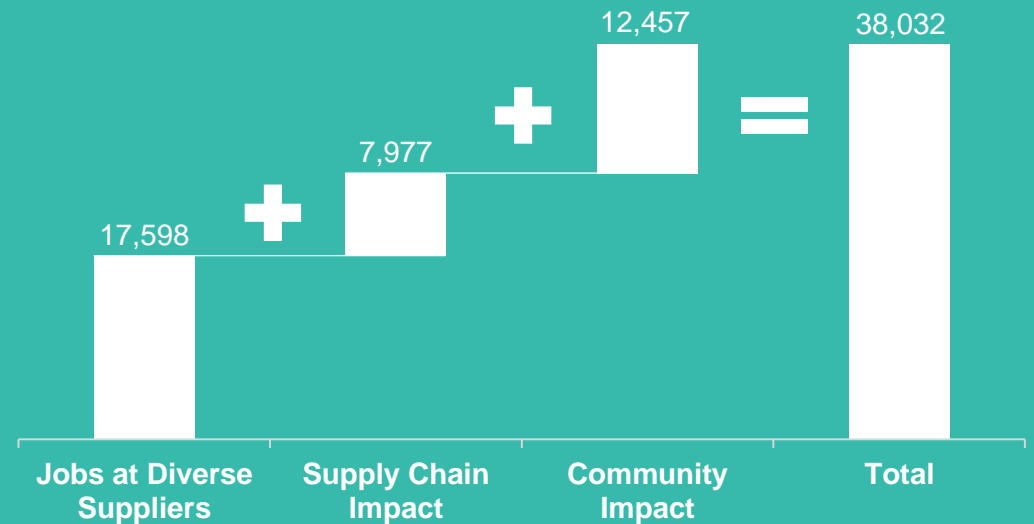
Production contribution of CVS Health's Supplier Diversity Program



Economic Impact Metrics: Jobs Supported

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

Jobs supported through CVS Health's Supplier Diversity Program



Supporting families through supplier diversity

Minority Businesses

3,865
JOBS

\$204 million
EARNINGS

Women Businesses

3,381
JOBS

\$161 million
EARNINGS

Veteran Businesses

732
JOBS

\$34 million
EARNINGS

Small Businesses

15,325
JOBS

\$736 million
EARNINGS

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

Raul Suarez-Rodriguez
Manager of Supplier Diversity & Strategic Procurement





**Our diverse supplier base
helps CVS Health deliver
innovative, high-quality health
and pharmacy services.**

Appendix: Economic Impact Modeling

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

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

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

supplier.io

This report is based on an analysis of data provided by CVS Health using IMPLAN's Input-output multipliers, and the supplier diversity information in supplier.io's database of nearly 1.6 million active certifications.

ABOUT SUPPLIER.IO

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

References:

1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n
2. Oxford Economics
3. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>
4. SBA.gov – Minority Business Ownership: Data from 2012 Survey of Business Owners:
<https://www.sba.gov/sites/default/files/advocacy/Minority-Owned-Businesses-in-the-US.pdf>



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